

Behind the Rostow Dismissal: A Faulty U.S.-Soviet Missile 'Agreement'

By Bernard Gwertzman
New York Times Service
WASHINGTON — Senior Reagan administration officials say that U.S. and Soviet negotiators worked out an informal agreement last July on limiting each side's medium-range missiles in Europe, but that the accord was rejected by both Washington and Moscow.

The private, informal agreement by Paul H. Nitze and Yuri A. Kvitinsky in Geneva led to a White House rebuke of Eugene V. Rostow, until last week the director of the Arms Control and Disarmament Agency, according to the officials. A senior State Department official said the agreement was faulty.

Mr. Rostow was admonished by William P. Clark, the national security adviser, in a memo to Secretary of State George P. Shultz, for exceeding his authority in both the Geneva compromise and in a private meeting he held in Vienna with the head of the Soviet delegation to the East-West talks on reducing conventional forces. At that session, new Soviet ideas were offered.

The two episodes have been cited by Mr. Rostow's supporters and critics alike as part of the reason he was dismissed Wednesday on orders of President Ronald Reagan.

In interviews in recent days with senior officials of the White House, the arms control agency and the State Department, the following chain of events was disclosed:

Mr. Nitze, who Mr. Reagan said Friday retains his confidence as the chief negotiator in seeking limits on medium-range missiles in Europe, let it be known privately as early as last summer that he believed the United States should explore ways of seeking a compromise with the Soviet Union, even if it meant abandoning Mr. Reagan's "zero-zero" solution.

Mr. Reagan proposed in 1981 that the United States would forgo deployment of 572 new cruise and Pershing-2 missiles late this year if the Soviet Union dismantled its approximately 340 SS-20 missiles, each of which carries three warheads.

The Russians officially proposed curbing their force to 300 missiles if

the United States dropped the plans for the new missiles. More recently, Yuri V. Andropov, the Soviet leader, proposed reducing the force in Europe.

In July, senior officials said, Mr. Nitze and Mr. Kvitinsky, in private sessions away from the negotiating table, discussed a compromise. Mr. Nitze was working on the assumption that his negotiating instructions permitted him to probe for changes in the other side's position, but some State Department officials said he went too far.

Mr. Rostow, on a trip to Europe, conferred with Mr. Nitze; both agreed that the zero-zero approach was not working and that Mr. Nitze should explore other alternatives. The result was a joint agreement in which the two sides would agree that the number of Soviet missiles be sharply reduced. Officials would not provide exact details, but they said the total was between 50 and 100.

Some Pershings and cruises would be deployed, but not as many as the total planned by the North Atlantic Treaty Organization — 108 Pershings and 464 cruise missiles. Mr. Nitze and Mr. Kvitinsky agreed that their outline accord could provide the basis for a more formal agreement but that both were working without the authority of their governments.

Mr. Rostow then went to Vienna to confer with Richard F. Staar, the chief negotiator at the conventional forces talks, who was also dismissed last week. An aide to Mr. Rostow said that Valerian V. Mikhailov, the Soviet representative to the talks, insisted on a meeting with Mr. Rostow. At lunch, attended also by Mr. Staar, Mr. Mikhailov surprised the Americans, a participant said, by offering what he said were "private" thoughts on resolving differences.

According to the official, Mr. Rostow said he was not an expert on the matter and assigned an aide to work out with Mr. Mikhailov the assistant's written version of these "private" ideas. The details were not disclosed.

As the result of the talks being held in Geneva by Mr. Nitze with Mr. Kvitinsky and of the new ideas offered by Mr. Mikhailov, Mr. Rostow began to wonder, his aides said, whether the Soviet Union was about to seek agreements across the board.

Because of the delicacy of the matter, Mr. Rostow did not cable Washington with information on the developments. No senior U.S. official learned of what was happening before Mr. Rostow returned from Europe in late July, officials said.

Mr. Rostow then told Mr. Shultz and Mr. Clark of the developments. State Department officials said arms control experts were startled by what they regarded as Mr. Rostow's free-wheeling attitude.

A senior State Department official said: "A mythology may be created in Europe about all this, that somehow Rostow and Nitze negotiated a breakthrough that Neanderthals in Washington blocked." The official insisted that the agreement was "very faulty" and would never have been approved.

A Rostow aide said, however, that it was "a good outline" that was rejected by the Russians because it was so favorable to the Western position.

A senior White House official said that Mr. Rostow, when he was first hired by Mr. Reagan, was told by Richard V. Allen, then the president's national security adviser, that he would have direct access to the president and would not have to work through the secretary of state, then Alexander M. Haig Jr. This produced considerable irritation on the part of Mr. Haig, who noted that the arms control agency's statutes require the agency director to work "under the direction" of the secretary of state, officials said.

Some State Department and arms control agency officials said they were still curious about what went on in Moscow. They said that they found it inconceivable that Mr. Kvitinsky could have done what he did without authority; that the switched signals may have reflected disagreement in the Kremlin in the last months of Leonid I. Brezhnev's life.

Mr. Clark, unhappy with the developments in July, sent a memo to Mr. Shultz asking him to take

firmer control of the arms control field and criticizing Mr. Rostow and Mr. Nitze, at least indirectly. Mr. Rostow's aides said that Mr. Rostow and Mr. Shultz discussed the memo and Mr. Rostow explained his side of what had happened.

State Department officials said that Mr. Shultz was unhappy with way the arms control negotiations were being managed, although he recognized that an experienced negotiator should have flexibility to probe the other side's position.

State Department and White House officials said that the episodes contributed to Mr. Rostow's removal, but that, in recent weeks, the controversy over Mr. Rostow's insistence that his aide, Robert T. Grey, be confirmed over the objection of Senate conservatives began to lead the White House to seek a new agency director.

There is considerable speculation about Mr. Nitze's future. He has declined, through an aide, to discuss the matter publicly. Some officials close to Mr. Rostow predicted that Mr. Nitze would resign



Eugene V. Rostow

in a few months if there was no accord soon.

But some State Department officials say Mr. Nitze is a veteran negotiator who believes strongly in the importance of an agreement and is willing to stick with his instructions, perhaps in the expectation that, with Mr. Shultz in charge of arms control affairs, there will be a compromise authorized by the summer.

Reagan, as Support Wanes, Focuses on Women, Blacks

By Steven R. Weisman
New York Times Service
WASHINGTON — At the urging of advisers who fear that his reelection may be in jeopardy, President Ronald Reagan has begun a series of program changes and initiatives to shore up his political standing among blacks, the unemployed and especially women.

White House officials said in interviews last week that Mr. Reagan plans to use his State of the Union address Jan. 25 to assuage discrimination against women in pensions and insurance and to seek tougher enforcement against delinquency in child support and alimony payments.

According to the officials, Mr. Reagan is studying the possibility of legislation in those areas, which have received little attention from him in the past two years.

Mr. Reagan reportedly was also studying the possibility of seeking new incentives for the employment of "displaced homemakers," women who are thrust into the job market after being widowed or divorced.

He is also expected to call for incentives for businesses to hire the long-term unemployed, unemployed youth, and those out of work because of declining industries in the Northeast and Midwest.

The most visible recent action directed at women was the selection of the administration's first two women to head cabinet agencies.

The two were Elizabeth H. Dole, a White House assistant for liaison with constituent groups, who was appointed transportation secretary, and former Representative Margaret M. Heckler of Massachusetts, appointed secretary of health and human services.

Mr. Reagan devoted his weekly five-minute radio address Saturday to a tribute to Martin Luther King Jr. on what would have been Mr. King's 54th birthday. In another gesture to blacks, he plans to visit an all-black parochial school in Chicago on Wednesday.

These and other initiatives come at a time of rising concern among Mr. Reagan's aides that he is losing ground among groups whose support he needs if he decides to run for re-election.

A close political adviser said Mr. Reagan's support among working-class voters was "scattering."

A Gallup Poll released Saturday indicated that only 36 percent of all women approve of Mr. Reagan's job performance. Various poll figures are sharply lower than that for single women and working women, and Republican strategists say that the trend cost the party several key elections in November.

Several White House officials said they feared that Mr. Reagan's failure to move faster to strengthen his support among women and blue-collar workers was being seen among Republican Party professionals as a sign that he might not run for re-election.

A key aide to Mr. Reagan indicated that there was disappointment among several aides that the president's budget for the fiscal year 1984, which is to be made public Jan. 31, does not contain more initiatives to help the unemployed.

But the aide said he and others were encouraged by the initiatives for women in the pension, insurance and workers' rights area, which are a product of a coordinating group headed by Mrs. Dole.

The appointment of Faith Whitlesey, ambassador to Switzerland, to the White House liaison post held by Mrs. Dole was regarded as encouraging by Reagan aides.

Mrs. Whitlesey's selection was said to be significant in another way: She is in favor of the right to have an abortion, a fact that White House aides said would probably have prevented her from getting the job two years ago.

Mr. Reagan's strong opposition to abortion and the Equal Rights Amendment are acknowledged by Reagan aides as a significant reason for his low ratings among women. They said the president would not change his view.

Kathy Wilson, director of the National Women's Political Caucus, said she detected a real shift at the White House.

Some legislative gains are cited by White House aides in the women's area, although Mr. Reagan himself did not get involved in them.

In the appointments area, Helene Von Dam, the White House personnel director, said that 13 percent of Mr. Reagan's appointments had gone to women.



Andrei A. Gromyko, the Soviet foreign minister, addressing the press after his arrival Sunday in Bonn. At right is Hans-Dietrich Genscher, the West German foreign minister.

Bonn, Rome Show Interest in Cutting NATO Deployment

By John Vinocur
New York Times Service
ROME — Interest is growing within the Italian and West German governments for a so-called "interim solution" on the deployment of new NATO medium-range nuclear missiles at the end of the year.

In practical terms, this means there is increased receptiveness in these countries to the notion that the North Atlantic Treaty Organization can reduce the number of U.S. missiles it plans to deploy if there is Soviet willingness to reduce its total of SS-20 missiles aimed at Western Europe.

Semantically, at least, this does not signify abandoning NATO's position — offering to cancel plans to install 572 Pershing-2 and cruise missiles if the Soviet Union scraps its SS-20s — because hope is still expressed that both sides could reduce their totals to zero in negotiations during the next four or five years.

But, according to government officials in Rome and Bonn, the thinking does represent a substantive change in that it implies movement by the United States away from a bargaining situation in which the Soviet Union would be required to junk all its SS-20s to reach any kind of early agreement on limiting medium-range weapons.

The modification in approach, apparent in conversations last week with defense, party and government officials in Bonn and Rome, is not an official position.

But it will be an important element influencing conversations starting Monday between the West German government and the Soviet foreign minister, Andrei A. Gromyko, and during the tour of NATO capitals that Vice President George Bush of the United States will begin Jan. 30.

In West Germany, major elements of the Social Democratic Party, which is seeking to return to power in the March 6 national elections, favor solutions in which all NATO deployment plans would be abandoned if the Soviet Union cut its present total of more than 900 warheads on about 300 SS-20 missiles.

In Italy, where a Socialist is defense minister in the coalition government, this approach, described in Rome as the "West zero, East plus" line, is rejected, as it has been by the governing coalition of Chris-

Gromyko Visits Fertile Territory 'Peace Offensive' Taken to Bonn Amid Campaign

By James M. Markham
New York Times Service
BONN — The Soviet foreign minister, Andrei A. Gromyko, arrived Sunday in West Germany, where a momentous election campaign is gathering steam.

Some weeks back, the Gromyko visit looked like a nice opportunity for the new chancellor, Helmut Kohl, to demonstrate that his conservative Christian Democrats could deal with the Soviet Union, showing continuity in policies staked out by Helmut Schmidt's Social Democrats.

Mr. Kohl may still reap this statesmanship bonus. But, as debate quickens regarding deployment of American medium-range missiles in West Germany, Mr. Gromyko's first salvo to the West since Yuri V. Andropov came to power looks like an even better opportunity for Moscow to push its latest "peace offensive."

The foreign minister can woo West German public opinion and portray the new Soviet leadership as profoundly interested in an arms limitation agreement with the United States. Countering Moscow's offensive, President Ronald Reagan has announced he will dispatch Vice President George Bush to Western Europe on a similar errand of peace later this month.

Mr. Gromyko comes to fertile territory. Last week, the first cracks in Mr. Kohl's coalition opened on the missile issue. And Hans-Jochen Vogel, the Social Democratic leader, came home from image-burrowing visits to Washington and Moscow saying the Reagan administration ought to make concessions in the Geneva arms talks and liming a few proposals that Mr. Andropov spelled out to him during a two-and-a-half-hour conversation. Mr. Vogel allotted only 20 minutes for Mr. Kohl, who has an outside chance of becoming chancellor after the March 6 election. Last week, Pravda showed its sympathies in the race, according to the Christian Democrats of backing "Washington's aggressive course."

Until a few days ago, Mr. Kohl's team was doing an admirable job of biding fast to the Reagan administration's "zero option" negotiating posture. Under the zero option, the North Atlantic Treaty Or-



President Ronald Reagan at a recent news conference.

OPEC to Meet Sunday on Quotas; Yamani Sees Chance of an Accord

BAHRAIN — Eight OPEC ministers agreed Sunday to hold an emergency meeting of the Organization of Petroleum Exporting Countries next Sunday in Geneva to head off a possible collapse in oil prices.

Saudi Arabia's oil minister said there was a good chance that an agreement would be reached on sharing the dwindling oil market.

The Saudi minister, Sheikh Ahmed Zaki Yamani, said after the ministers met in Bahrain that, at next week's full ministerial meeting, "there is a good chance, really, this time. We might be able to start to do it. We hope."

Iraq's oil minister, Qasim Ahmed Taji, said Sunday that what he called the rule-abiding majority in OPEC might cut prices to restore flagging sales unless other members stopped breaking price and production records.

The OPEC president, Mallam Yahaya Dikko of Nigeria, said he believed that Libya, one of the

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Paris Talks Open on Increasing IMF Funding

By Carl Gwertz
International Herald Tribune
PARIS — The first of a series of international meetings opened here Sunday aimed specifically at reinforcing the resources of the International Monetary Fund to relieve the debt crisis of developing countries and more generally at reviving world economic growth.

The three days of technical meetings this week involve central bank governors, treasury officials and on Tuesday, finance ministers and treasury secretaries of the major industrialized countries known as the Group of 10. The sessions are the prelude to the policy-directing economic summit meeting of the seven major powers in Williamsburg, Virginia, on May 27.

This week's meetings, Jacques Delors, the French finance minister, said at a press briefing last week, are designed to brighten the awareness of officials to the link between economic conditions in the industrialized countries, the debt problems of the developing world and their impact on world trade.

Mr. Delors made clear that he hopes this "sensitization process" results in an agreement by the summit countries to redirect policy objectives to emphasize economic growth rather than fighting inflation, which has been the central goal for the past two years.

Mr. Delors quoted with approval a remark that he said U.S. Secretary of State George P. Shultz made during his recent European tour, a reference to "the virtuous circle of all countries simultaneously cutting back risks ending in a vicious circle of a downward spiral in international trade where everyone is buying and selling less."

At Sunday's meeting of central bank governors and senior treasury officials, this view was echoed by Beryl Sprinkel, U.S. undersecretary of the Treasury for monetary affairs. He said at a press briefing that countries that have adjusted are in a position to expand and ought to be doing so, and added that the United States is expanding.

He said U.S. growth this year, the fourth-quarter rate measured against last year's fourth quarter, would register 3 percent, broadly in line with the predictions of the Organization for Economic Cooperation and Development.

He noted that this growth would stimulate imports and catapult the nation's current-account deficit to a "distressingly high" \$25 billion to \$35 billion, but added that the deficit meant the United States was providing a market for the exports of other nations.

A preoccupation of Sunday's meeting was how much of an impact a deficit of this size might have on the dollar. Mr. Sprinkel told the press that the assumption that the dollar will drop "is a risky conclusion."

He allowed that there might be some "temporary weakness" in the exchange rate, but he said that incentives for capital flows — moderate inflation, rising corporate profits — would keep investments flowing to the United States and underpin the dollar.

Sunday's meeting was not a forum to prod other nations to adopt expansionist policies. But there appeared to be broad agreement that the decline in U.S. interest rates and the easing of the dollar

created leeway for other countries to adopt more stimulative policies.

This week's meetings are expected to result in an agreement to augment the resources of the Group of 10's own lending facility, known as the General Arrangements to Borrow (GAB). The Group of 10 includes six European Community members — Belgium, Britain, France, Italy, the Netherlands and West Germany — and the United States, Japan, Canada and Sweden.

Its resources are expected to be trebled, to about \$20 billion. Saudi Arabia and possibly Kuwait will join Switzerland as outside contributors, while inside the group West Germany will be seeking to reduce its percentage share of the total. For the first time, loans from this kitty will be available not just to the select members of the Group of 10 but to any IMF member country.

To be determined this week is how such lending will take place. The prevailing view is that the IMF should be the only official body to discuss lending to nations in distress and that the GAB would simply

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THE MOSCOW CONNECTION — Four former U.S. ambassadors to Moscow talked at a Moscow correspondents' reunion at New York's Overseas Press Club. They are, from left: Thomas J. Watson Jr., ambassador from 1979 to 1981; Malcolm Toon, 1976-79; Jacob D. Beam, 1969-72; and Walter J. Stoessel Jr., 1974-76.

'Abramowitz Affair' Seen as Test Of Shultz Attempt to Mend Fences

By John M. Goshko
Washington Post Service

WASHINGTON — When President Ronald Reagan announced his shake-up of top arms control officials, the name of Morton I. Abramowitz received only secondary billing.

But the choice of the veteran diplomat to be chief U.S. negotiator at the Mutual and Balanced Force Reduction Talks in Vienna involves a potentially important issue in the relationship between Secretary of State George P. Shultz and the career Foreign Service.

Within the service, what is known as the "Abramowitz affair" has been watched closely as a test of whether Mr. Shultz is willing to use his clout to protect career officers from the intrigues and purges that are the frequent by-products of changes in administration.

The career of Mr. Abramowitz, a diplomat for 22 years and the former ambassador to Thailand, was cast into limbo more than a year ago when Mr. Shultz's predecessor, Alexander M. Haig Jr., tentatively chose him for the top Asia policy post of assistant secretary of state for East Asian and Pacific Affairs.

Mr. Abramowitz never got the job. Nor did he get another post for which Mr. Haig subsequently chose him: ambassador to Indonesia.

In both cases, it later became known, the appointments were de-

railed by a campaign orchestrated by elements in the Pentagon and Central Intelligence Agency, with the encouragement of congressional conservatives.

Stripped to its essentials, the case presented by his enemies was that Mr. Abramowitz, who had worked on several controversial policy issues during the Carter administration, was a man whose "political philosophy is akin to McGovern, Muskie and Mondale" and who thus should be regarded as suspect by the Reagan administration.

In the Foreign Service, what happened to Mr. Abramowitz has been viewed as a case of a professional officer conscientiously carrying out the policies of a president, then, under a new president, being penalized for doing his duty.

When Mr. Shultz took office last summer he was being watched closely for signs of what he would do to right the injustice and to insulate the State Department from similar incidents.

One of his first moves was to ease out Richard T. Kennedy, undersecretary for management, who was widely regarded by professional officers as insensitive and inattentive to personnel problems, and replace him with Jerome W. Van Gorkom, a Chicago businessman, who has been charged with devising better work incentives for career officers.

But, sources added, Mr. Shultz was always aware that if his efforts were to win credibility he had to do something about Mr. Abramowitz. "He wasn't about to make a futile gesture that would see him shatter his lance to no avail," a source said, "but he was determined to correct the situation in a way that would send the appropriate signal."

Mr. Shultz had to navigate several mine fields. For one thing, there have been persistent suggestions that anti-Semitism was a factor in the attacks on Mr. Abramowitz. While department sources say it was not the primary consideration, they also say there is a message in the fact that Mr. Shultz chose Paul Wolfowitz, who is also Jewish, for the assistant secretary job that had been denied to Mr. Abramowitz.

Finally, there was the question of whether Mr. Shultz would be willing to risk a fight with the forces that had opposed Mr. Abramowitz earlier and to insist that the president back his move.

The tentative answer came Wednesday, when Mr. Reagan announced that Mr. Abramowitz would assume responsibility for the talks, which have been given renewed emphasis. For the Foreign Service, a more definitive answer will be available when Mr. Abramowitz goes before the Senate for confirmation.

Russia Says Fuel Core Will Fall in February With Little Radiation

By Serge Schmemmann
New York Times Service

MOSCOW — A senior Soviet scientist has announced on national television that the nuclear fuel core of the Cosmos-1402 satellite would plunge into Earth's atmosphere in mid-February, but he assured viewers that any fallout would be within safe limits.

In his explanation, Oleg M. Belotserkovsky, director of the Moscow Physico-Technical Institute, seemed to change the Soviet position from previous assurances that the satellite's radioactive fuel core would completely burn up in the atmosphere. Instead, the scientist said Saturday, any "finely divided particles" reaching Earth would be within internationally agreed safety limits.

"Should these particles fall out to Earth, the radiation situation will be within the limits recommended by the International Commission on Radiological Protection," a United Nations body that studied the issue, he said.

He gave no indication of the size or possible re-entry trajectory of the radioactive segment, which he said was separated from the main body of the satellite on command on Dec. 28.

Mr. Belotserkovsky also made the first Soviet acknowledgment that normally the reactor and spent fuel of nuclear-powered satellites are boosted to a higher, long-term orbit on completion of their mission. But his statement gave the impression that the failure had been envisioned and that the satellite was following a contingency procedure for disposing of radioactive elements.

Mr. Belotserkovsky's detailed ex-

planation of the plight of Cosmos-1402 in prime-time viewing hours suggested that Soviet leaders were considerably more anxious about the satellite than their earlier assurances had indicated.

In effect, he confirmed the basic assertions of experts in the United States, who warned earlier this month that the craft, which they identified as a military reconnaissance satellite, had malfunctioned and that its nuclear components would fall to the Earth.

U.S. experts have noted that when a similar satellite with a similar reactor, Cosmos-954, plunged into the atmosphere in 1978, several radioactive fragments landed in Canada's Northwest Territories. The cleanup took months and cost about \$6 million, part of which was claimed from the Soviet Union.

Several nations, including the United States, Britain and Sweden, have set up special teams to monitor the progress of Cosmos-1402. Contingency plans are being reviewed for finding and recovering radioactive fragments in the event that any survive.

Mr. Belotserkovsky, who did not explain the mission of the satellite, said that Cosmos-1402 completed its work Dec. 28 and was separated on command into three parts. One of these parts re-entered the atmosphere and burned up Dec. 30, he said, adding that the two remaining parts consisted of the main section of the satellite and the fuel core of the reactor.

"According to preliminary calculations," he said, "the main part of the satellite structure will enter the dense layers of the atmosphere late in January, and the fuel core in mid-February this year."

Reagan Sees No Imminent Danger In Keeping Marines in Lebanon

By Juan Williams
Washington Post Service

WASHINGTON — President Ronald Reagan is committed to keeping U.S. marines in Lebanon as part of the multinational peace-keeping force and sees no imminent danger in doing so, the White House has announced.

In response to a report that U.S. military officials are concerned that the marines could become involved in fighting, Larry M. Speakes, the deputy White House press secretary, said Saturday that Mr. Reagan was convinced of the need to keep the force there "as long as necessary to ensure stability in the Lebanese government."

Last week, Israel and Lebanon agreed on an agenda for negotiating terms of the withdrawal of Israeli troops from Lebanon. There are Israeli, Palestinian and Syrian troops in Lebanon in addition to the multinational force from the United States, Italy and France.

Lebanese officials said last month that they planned to demand that Israeli, Syrian and Palestinian Liberation Organization troops be withdrawn from Lebanon by Feb. 15. On Friday, there were unconfirmed reports that Philip C. Habib, the U.S. special envoy, had set Feb. 12 for the start of withdrawal.

White House officials said Saturday they had not been told of agreement on such a deadline.

four months, without any major incident. And they are in a situation where they are not in conflict, not in contact with anybody that could produce a major incident."

A Pentagon official said planning had begun on how best to increase the U.S. presence in Lebanon by one battalion if Mr. Reagan agreed to a request by President Amin Gemayel for additional U.S. troops.

Mr. Speakes said he had no comment about additional U.S. forces entering Lebanon but said Mr. Reagan was convinced of the need to keep the force there "as long as necessary to ensure stability in the Lebanese government."

Last week, Israel and Lebanon

Habib in Israel to Press For Accelerated Talks

Reuters

JERUSALEM — Philip C. Habib, the U.S. special envoy to the Middle East, returned to Jerusalem on Sunday to press for accelerated negotiations between Israel and Lebanon aimed at expediting the withdrawal of Israeli, Syrian and Palestinian forces from Lebanon.

Mr. Habib was to confer Sunday night with a three-man team set up by Prime Minister Menachem Begin's cabinet to discuss speeding up the negotiations, which were to resume Monday near Beirut.

The three members of the team are Foreign Minister Yitzhak Shamir, Defense Minister Ariel Sharon, and David Kimche, director-general of the Foreign Ministry and leader of Israel's delegation at the talks with Lebanon.

According to Israeli state radio, Mr. Habib and the cabinet team were to work out principles for the pullout of Israel's 30,000 troops from Lebanon. The U.S. envoy would then shuttle between Jerusalem, Beirut and Damascus while the Israel-Lebanon negotiations continue, the radio said.

A spokesman for Mr. Begin denied Israeli press reports that Mr. Habib had suggested moving the negotiations to Washington in order to speed them up.

The radio quoted Mr. Begin as telling his cabinet Sunday that while President Ronald Reagan was urging faster progress in the talks, he had not blamed Israel for the slow pace.

According to Israeli radio's diplomatic correspondent, Washington opposes Israel's plan to maintain early-warning stations in southern Lebanon after a withdrawal. The radio quoted Mr. Habib as saying that if Israel had such installations, Syria would make similar demands.

After three weeks of dispute over an agenda for their talks, Israel and Lebanon last week accepted a U.S. compromise formula that said the talks would discuss "a framework for mutual relations" in addition to troop withdrawal and security arrangements along the Israeli-Lebanese border.

Lebanese Factions Battle
Fighting broke out Sunday in the Israeli-controlled Aley mountains east of Beirut, ending a short-lived cease-fire between Christian and Druze combatants, security sources told United Press International in Beirut.

They said incidents of sniper fire escalated into artillery and mortar exchanges across sections of the Aley mountain range. The warring factions agreed on a cease-fire Saturday, ending a day-long battle following an Israeli intervention.

Suspected Terrorist Is Arrested in Milan
The Associated Press

MILAN — Sergio Segio, a reputed leader of the Front Line leftist guerrilla group and a suspect in 14 murders, has been arrested, the police reported.

They said Mr. Segio, 28, was arrested Saturday with a woman identified as Daniela Figini, 21. She was charged with aiding a terrorist.



The car driven by Stephen Waldorf in a London street, with bullet holes in the rear window. Mr. Waldorf was critically wounded when police mistakenly shot at him.

Police Suspended in London Shooting

United Press International

LONDON — Three London policemen who shot and critically wounded an innocent man have been suspended pending the outcome of an official police inquiry, a Scotland Yard spokesman said.

Stephen Waldorf, 26, a freelance film editor, was hit by five bullets as he sat in his car in a traffic jam in London's Kensington district. He was taken to a hospital, where he reportedly underwent surgery for bullet wounds in the chest, liver and arms. Mr. Waldorf remained in critical condition Sunday.

A woman in the car, Sue Stevens, 25, suffered a slight bullet wound on her back. The police released her Friday after questioning.

The police acknowledged Sunday that the shooting was a "tragic case of mistaken identity." They said the officers had thought Mr. Waldorf was David Martin, who is being sought on charges of attempted murder of a police officer. Mr. Martin escaped from a London court holding area on Dec. 24.

The police declined to comment on reports that Miss Stevens was an acquaintance of Mr. Martin and had been under surveillance.

The Sunday Times said a shot fired to immobilize Mr. Waldorf's car may have triggered the shooting. Quoting senior police officers, the newspaper said the policemen had thought the shot aimed at a fire, had been fired at them from the car. The police declined comment on the report.

On Saturday, Home Secretary William Whitelaw demanded a report on the incident from Kenneth Newman, the Scotland Yard commander. A Scotland Yard spokesman said three police officers had been suspended pending the outcome of the inquiry.

Opposition parties strongly criticized the shooting. "London is not Chicago," said William Pitt, a Liberal Party spokesman on domestic affairs. A Labor Party spokesman, Roy Hattersley, said the shooting "raised fundamental questions of police procedures."

WORLD BRIEFS

Airliner Crash Kills 22 in Ankara

United Press International

ANKARA — A Turkish Airlines Boeing 727 crashed in thick fog on a snowstorm at Ankara's airport Sunday night. Hospital officials said at least 22 persons were killed and 28 were injured.

The airliner, on a flight originating in West Germany, had carried passengers and eight crew members on the 40-minute hop from Istanbul to Esenboga Airport in Ankara, airport officials said.

The officials said the rescue operation was completed at 1 a.m. Monday, but hospital officials said that victims were still being brought to the hospital. Turkey's state-run radio interrupted its regular broadcast to appeal for blood donations.

War Panel Said to Clear Thatcher

LONDON (Reuters) — An official inquiry has found Prime Minister Margaret Thatcher virtually blameless for her government's failure to anticipate Argentina's seizure of the Falkland Islands, British newspaper reported Sunday.

A report by the inquiry is to be released Tuesday. The Observer, a leading source who had seen it, said the report offered "modest criticism" Lord Carrington, who resigned as foreign secretary when Argentina invaded the islands in April. It added that Mrs. Thatcher was virtually solved.

The Sunday Times said: "Mrs. Thatcher will be directly blamed little, if anything, in the report," and added that it would not threaten government. "It highlights the breakdown in communication between the Ministry of Defense and the Foreign Office, notably over the warnings signaled to the Ministry of Defense in late January," the paper said.

China Criticizes Soviet Policy

BEIJING (Reuters) — Soviet policy in Afghanistan was sharply criticized Sunday by China. The criticism came two days after Beijing denounced that Chinese and Soviet officials would meet in Moscow March for further talks on improving relations.

The attack in the official Beijing Review was prompted by a Tass agency statement Dec. 31 that the Soviet Union would continue to defend Afghanistan against foreign armed intervention and that hopes for a change in attitude were illusory. China has recently cited the Soviet presence in Afghanistan as a main obstacle to rapprochement, and some reports from Moscow late last year hinted at a possible Soviet concession on this point.

The Chinese commentator said that the message from Tass "shows a warning against having any illusions about Soviet hegemonism."

Israeli Panel Hears Final Testimony

JERUSALEM (NYT) — The state commission investigating the massacre completed taking testimony Sunday as lawyers for six set officials gave oral summations of their clients' cases.

The lawyers making final oral arguments represented Ariel Sharon, defense minister; Lieutenant General Rafael Eitan, the chief of staff; Major General Amir Drori, head of the Northern Command; Brigadier General Amos Yaron, the Beirut division commander; Avi Duda, civilian aide to the defense minister; and the head of the Mossad intelligence agency, whose identity is kept secret.

Prime Minister Menachem Begin, Foreign Minister Yitzhak Shamir and the director of military intelligence, Major General Yehoshua Sag, were not represented in the closed session, according to a commission spokesman. He said that Mr. Shamir and General Sag had submitted written summations last week.

Judge Slain Outside Ulster Church

BELFAST (UPI) — A gunman shot and killed one of Northern Ireland's leading judges Sunday morning outside a Roman Catholic church police sources said.

The provisional Irish Republican Army claimed responsibility for assassination of William Doyle, 55, who was gunned down in his car as he left Mass at St. Brigid's Chapel in the normally quiet university town of South Belfast. A 72-year-old woman, believed to be a relative Mr. Doyle, was shot in the stomach.

Economic Meetings Open

(Continued from Page 1)

table is respected, Mr. Sprinkel said Sunday, the quota increase could be completed as early as end of this year, two years ahead of the previous schedule and a relief of official concern about IMF's resources to deal with debt crisis of developing countries. He said that congressional sentiment would be a factor in the U.S. decision on how much of an increase to support.

Mr. Sprinkel said that the strategy in place to sort out the debt crisis of developing countries is working. "Problems remain," he said, "but the strategy is working and that it will continue to work."

The strategy is not one of bailouts on the banks, which have lent it bulk of the money that cannot be repaid, but of getting the banks to continue to provide medium-term and long-term finance, albeit at much a slow pace, to debtor countries.

Bonn, Rome Interested in Missile Cuts

(Continued from Page 1)

also said there could be no "West zero, Soviet plus" outcome to the Geneva talks.

At the same, he said the Soviet Union would logically have to be allowed to maintain some of its medium-range missile capability and that British and French nuclear forces should be considered in the general accounting. Yuri V. Andropov, the Soviet leader, has demanded that the British and French forces be taken into account.

This position is not that of the government, but the cascade of suggestions from Mr. Andropov indicating movement on the medium-range issue, and the probability of elections this spring in Italy have required Italian leaders to offer a response.

Foreign Minister Emilio Colombo has spoken of moving toward the "zero solution" in intermediate steps. This appears to represent interest in an interim agreement scaling down deployment in relation to the best Soviet offer.

The circumstances are vastly more complicated in Bonn, where the missile issue is an obsessional one and where some U.S. officials question whether the missiles can actually be stationed.

Although no one in a half-dozen conversations in Rome thought violence was likely in Italy in an attempt to hinder deployment, a coalition of anti-nuclear groups in West Germany has announced campaigns of civil disobedience to stop deployment.

The government of Chancellor Helmut Kohl is trying to appear

both true to NATO's agreed negotiating position and active in influencing the United States in working out a solution with Moscow before the end of the year.

The government's interest in some variety of interim agreement became apparent Wednesday in an official policy statement. It reaffirmed the elimination of all medium-range missiles in Europe as the best possible result of the Geneva talks. But it pointed to a phrase in the text of the 1979 NATO statement on deployment saying the alliance would examine the extent of deployment in the fall of 1983 "in the light of the concrete negotiating results."

Implicit in the statement was Bonn's interest in potential cuts in the size of the deployment if a measure of understanding for an interim agreement was at hand.

The pressure on Mr. Kohl to seek an interim solution has increased because Hans-Jochen Vogel, the Social Democratic Party candidate, has said that, if he were elected, West Germany would deploy only "under very extreme circumstances." This is a notable softening of the position held by former Chancellor Helmut Schmidt.

Mr. Vogel, who has visited President Ronald Reagan and Mr. Andropov in the last two weeks, was accompanied on his trips by Egon Bahr, the party official responsible for disarmament issues and a man described by Mr. Schmidt in 1980 as someone who knew next to nothing about the subject.

Mr. Bahr is suggesting a three-to-five-month moratorium on deployment at the end of the year, a tactic that his opponents say was

not only rejected by a Social Democratic Party convention a year ago but undermines the NATO decision.

Karsten Voigt, a Social Democratic parliamentary spokesman on foreign and security issues, said flatly, "I'm in favor of a Soviet plus, West zero agreement."

A third Social Democratic group expresses interest in deploying cruise missiles but not Pershing-2s, which are particularly upsetting to Moscow because their delivery time from West Germany is less than 10 minutes.

In explaining the government's position, Alois Mertes, minister of state for foreign affairs, insisted that there was no specific West German position on a compromise at Geneva other than the idea that "if the Soviets don't go to zero, then we can't."

U.K. Favors Deployment

Prime Minister Margaret Thatcher of Britain urged Western nations Sunday to increase their defenses and declared that, despite protests, Britain would deploy U.S. cruise missiles. The Associated Press reported from London.

Mrs. Thatcher stressed in a television interview that the Kremlin would have to make concessions before progress could be made on limiting nuclear weapons.

Vogel Puts Onus on U.S.

Mr. Vogel indicated in an interview published Sunday that he would refuse to deploy U.S. missiles in West Germany if he thought Washington was hocking a disarmament agreement with Moscow. United Press International reported from Bonn.

ny in a position of active confrontation with the Soviet Union: the Free Democrats are looking for votes. This is good news for Mr. Gromyko.

When Mr. Kohl became chancellor just over 100 days ago, some people in the Reagan administration rejoiced at the thought that Bonn finally had a government that would take a tough line with Moscow. Administration officials learned differently at a seminar held by the Christian Democratic Konrad Adenauer Foundation in November.

The defining issue of these contrasting analyses has been West's trade. Rhetoric out of Washington about destabilizing the Soviet Union through trade sanctions has made West German policymakers uncomfortable.

"There is still a basic difference in the assessment of what economic relations with the East mean," a senior West German official said. "We really believe that well-balanced economic relationships are a stabilizing element and something that is good in itself."

Mr. Kohl lined up with other West Europeans in opposing the Reagan administration on the trans-Siberian pipeline sanctions, and Washington retreated into a face-saving formula, shelving the issue. Now, with a difficult campaign ahead, Mr. Kohl wants to come down on the winning side of the debate about the best tack to take in Geneva. His Christian Democrats could end up badly isolated if the United States made concessions at Geneva before the March 6 vote. The upheaval in the Reagan administration team last week did nothing to reassure Bonn that the American course is set, or even predictable.

Mr. Gromyko, by contrast, is utterly predictable. Bonn officials expect that he will use his visit to renew the Warsaw Pact call for a nonaggression treaty with NATO and to embroil on Mr. Andropov's latest arms-reduction proposals. The main beneficiary of this message may turn out to be not Mr. Kohl, but rather Mr. Vogel.

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هكمان النحل

Panel Offers, Reagan Backs Social Security Rescue Plan

By Spencer Rich
and Juan Williams
Washington Post Staff

WASHINGTON — President Ronald Reagan's advisory commission on Social Security has approved a rescue plan, backed by both the president and House Speaker Thomas P. O'Neill Jr., that would provide \$169 billion in tax increases and benefit reductions over the next seven years to keep the retirement system from defaulting.

"Each of us recognizes that this is a compromise solution. As such, it includes elements with which each of us could not support if they were not part of a bipartisan compromise," Mr. Reagan said. "However, in the interests of solving the Social Security problem promptly, finally and on a bipartisan basis, we have agreed to support and work for this bipartisan solution."

Mr. O'Neill, a Massachusetts Democrat, called the plan, approved Saturday night by a 12-3 vote, a bipartisan agreement acceptable to the president and to me, one which I can support and which I will work for."

The only members of the 15-person commission to oppose the compromise were Senator William L. Armstrong, a Colorado Republican; Representative Bill Archer, a Texas Republican; and former Representative Joe D. Wicker, Jr., a Louisiana Democrat. Senator John Heinz, a Pennsylvania Republican, was absent but voted in favor by proxy.

The agreement, which will need congressional approval, was announced after 12 hours of bargaining between White House aides and leaders of the commission.

The agreement calls for mandatory Social Security coverage for new federal workers and all employees of nonprofit organizations; acceleration of Social Security payroll taxes already scheduled to go into effect in 1985 and 1990; a six-month delay in this year's cost-of-living benefit increases; and taxation of half the Social Security benefits received by high-income retirees.

The commission has estimated that \$150 billion to \$200 billion will be needed over the next seven years to keep the system solvent. The \$169 billion in the commission's package is meant to fill that gap.

The commission also has estimated that over the next 75 years, the system will face a deficit of 1.5 percent of taxable payroll. The agreement reached Saturday night would wipe out more than two-thirds of this long-range deficit.

Alan Greenspan, chairman of the commission, said that in addition to the president and the speaker, the compromise had the support of the Senate majority leader, Howard H. Baker Jr., Republican of Tennessee. Senator Robert J. Dole, a Kansas Republican, said he believed the plan also had the support of Dan Rostenkowski, an Illinois Democrat who heads the House Ways and Means Committee, and Robert H. Michel of Illinois, the House Republican leader.

The basic compromise includes these provisions:

- Mandatory Social Security coverage would be extended to new federal employees and to all employees of nonprofit organizations as of Jan. 1, 1984. Federal employees are not covered by Social Security at present on a mandatory basis, although some qualify by work in the private sector, and nonprofit organizations may join if they choose.
- An increase in the Social Security tax, from 7 percent to 6.7 percent on the first \$35,700 in wages, would take effect in 1984. Rate increases already planned for 1985, 1986 and 1990 would be maintained; in addition, an interim rate increase would be made in 1988.
- Self-employed persons would be required to pay the same total tax on their incomes as an employer and employee together now pay on a worker's salary of the same amount. Under current law, the self-employed pay three-quarters of the combined employer-employee tax. The self-employed would be allowed to offset the extra payment against income tax.
- Social Security beneficiaries would be required to pay income tax on half their benefits, but only if total income from all sources exceeded \$20,000 a year in the case of a single person or \$25,000 in the case of a married couple filing jointly. Social Security benefits are not taxed now. The money received from taxing the benefits would be fed back into the Social Security trust fund to help keep it solvent.
- This year's automatic cost-of-living increase in benefits would be postponed for six months, from July to January, and thereafter would be paid in January.
- The system would be reimbursed for certain credits granted to members of the armed forces, and also would receive credit for Social Security checks that go uncashed.
- Beginning in 1988, if Social Security trust funds fall low, the annual cost-of-living increase would be based on the lesser of wages or prices, rather than prices as is now the case. The cut would be made up when the trust funds build up again.

California Dreaming: Democrats Take a Bow All Dressed Up, a Long Way to Go, 7 Stage Early Presidential Drives

By David S. Broder

WASHINGTON Post Staff

SACRAMENTO, California — Four hundred eight days before the first caucus in Iowa, 416 days before the first primary in New Hampshire and 350 days before some Democrat will be nominated for president, seven Democratic hopefuls came here to audition their talents at the state party convention.

Two straw polls of the 1,700 delegates at the session Saturday reflected the home-state strength of Senator Alan Cranston, who plans to announce his candidacy early next month.

But Senator Cranston was outplayed in the straw poll by former Vice President Walter F. Mondale, the front-runner in current national polls. Both were given favored positions on the morning program.

Crowded into the later schedule were Senators John Glenn of Ohio, Gary Hart of Colorado, Ernest F. Hollings of South Carolina, Dale Bumpers of Arkansas, and Representative Morris K. Udall of Arizona. The only absentee among the active contenders was Reubin Askew, a former governor of Florida.

In an eight-hour procession of alternating speeches and news conferences, the rivals vied for original ways to condemn the Reagan administration's record and promise progress in arms control and economic growth if they become president.

The favorite pledge was one to go directly from the inaugural platform in 1985 to a meeting with the Soviet leader, Yuri V. Andropov, to seek a freeze on nuclear weapons production and reductions in existing arms. Senators Cranston,

Mondale and Hart made that promise.

Although there was little news in the day's speeches, the fact that all but Mr. Askew came here was evidence of the extraordinarily early start on presidential politics. Senator Glenn even interrupted a Latin American tour for the Senate Foreign Relations Committee.

Party rules changes adopted last year moved the first delegate-selection caucus in Iowa back five weeks to Feb. 27, 1984. The first primary in New Hampshire was forced back a week to March 6, 1984. The purpose of the changes was to shorten the campaign season that will climax on July 18, 1984, with balloting for the Democratic presidential nomination.

But Mr. Mondale said at a news conference Friday, the need to contact thousands of people who participate in primaries and caucuses and to raise campaign money in small amounts from thousands of individuals make it necessary for the Democrats to start campaigning 18 months before the convention.

In the two straw polls conducted at the convention, Senator Cranston finished far ahead of Mr. Mondale.

In one taken on the convention floor by the state Democratic party, Senator Cranston got 60.3 percent and Mr. Mondale 23.6 percent. The tally taken late Saturday night did not give the results of other candidates.

Earlier in the day, a poll of delegates taken by the Los Angeles Times gave Mr. Cranston 40 percent and Mr. Mondale 15 percent, while another 25 percent of respondents said they were undecided.

But Mr. Mondale, addressing the convention in an evangelistic speaking style, won an oratorical victory.

Whether he was attacking "special-interest money that is paralyzing our government," or assailing the Reagan administration for "giving tax breaks to the rich and cutting the poor," Mr. Mondale seemed able to get the delegates up and cheering almost at will.

Mr. Cranston, who had worked harder than anyone else to line up his home-state delegates' support in the straw poll, also received generous applause.

But many of the delegates seemed more interested in judging the performance of two relative strangers — Senator Glenn and Senator Hart — and the two southern long shots, Senator Hollings and Senator Bumpers.

In his prepared text, Senator Glenn said Mr. Reagan may ask the country "to stay the course, but I say he's flunked the course."

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Parti Quebecois Applies to Join World Socialists

OTTAWA — The ruling party of Quebec has applied for membership in the Socialist International, the worldwide organization of Socialists, Social Democrats and labor parties, and its bid was immediately challenged by a member from Canada.

Canada's New Democratic Party, a Social Democratic group that is already one of the 53 parties in the organization, made it clear that it was willing to backblast the application of the separatist Parti Quebecois.

Peter O'Malley, a spokesman for the New Democrats, said his group's opposition was based on ideological and constitutional considerations. He said that "member parties are supposed to be Social Democratic and national in scope," citing also the recent salary rollback of 350,000 provincial workers and the suspension of their right to strike.

Mr. O'Malley said that the Parti Quebecois party, while solely provincial, maintains that it represents Canada's French-speaking population, and points out that Socialists-ruled France has also frozen public-sector wages.

Visit Boosted Navon's Prestige, U.S. Jews Say

By Judith Miller

WASHINGTON — President Yitzhak Navon of Israel has ended an 11-day visit to the United States, a trip billed as nonpolitical but one that prominent American Jews have said enhanced his reputation here.

Mr. Navon, 61, a Labor Party veteran who some view as a potential political challenger to Prime Minister Menachem Begin, left the United States on Saturday. He returned from criticism of Mr. Begin's policies or of expressing political views that diverged from those of his government.

Instead, he dwelt mainly on themes about which there has been a consensus in Israel but not necessarily among American Jews.

"America is a great country," Mr. Navon said in a speech Jan. 9 to more than 1,000 Jews in Keshet Jeshurun Synagogue in New York. "But any Jew who lives in any part of the world lives by chance," he said. "The only place

they live not by chance is in Israel."

Mr. Navon acknowledged that he was preaching to the converted. Most of those who were present in the Orthodox synagogue had already decided to emigrate to Israel. His comments were directed not at them, he said, but to the six million American Jews who had not decided to emigrate to Israel.

The speech was one of the few occasions on his trip when Mr. Navon, whose position as president is largely ceremonial, could speak with candor. He was on guard at other meetings.

Despite reticence that his trip was nonpolitical and that as president he could not voice personal views on policy issues that divide Israelis, many in his audiences sought hints about his political views.

Mr. Navon said that he will announce next month whether he will seek another five-year term as president or step down and make himself available as a potential

challenger to Prime Minister Begin.

"Political considerations aside, his visit has immeasurably enhanced his reputation here," said Julius Berman, chairman of the Conference of Presidents of Major American Jewish Organizations. "He managed to stay away from the divisive political issues within Israel, without running away from important substantive issues, such as U.S.-Israeli relations."

But some questioned whether the somewhat scholarly politician, who is also a poet and playwright, was tough enough to withstand the brutal skirmishes of Israeli politics.

Rabbi Arthur Hertzberg, vice president of the World Jewish Congress and a close friend and admirer of Mr. Navon, wondered whether "he may lack the fire in the belly that is required for the rough-and-tumble of Israeli politics."

Several Jews who heard him in Washington, Baltimore, Boston or New York expressed concern about what Mr. Navon described

as "consensus views" in Israel. Israelis, he said, do not believe that their settlements in the occupied West Bank and Gaza are illegal.

The Labor Party and the government coalition disagree mainly on where Israelis should settle and at what pace, he said.

Israelis would not accept a divided Jerusalem over which they lack sovereignty, he declared. Nor would they accept the borders that existed before the 1967 war.

Israel requires "tangible expressions of peace" with Lebanon before foreign forces are removed, Mr. Navon said.

He said that he would welcome the participation of King Hussein of Jordan in Palestinian autonomy talks, but not with prior conditions, such as a freeze on Israeli settlements.

"Those of us who thought that there would be massive shifts in Israeli policy if Begin were gone," a Washington-based Jewish activist said, "had better think again."



Generals Bignone of Argentina and Figueiredo of Brazil at the Iguaçu Falls border.

Presidents of Argentina and Brazil Ease Tension With Economy Pact

By Richard House

WASHINGTON Post Staff

FOZ DE IGUAÇU, Brazil — A meeting here last week of the military presidents of Brazil and Argentina appears to have moved the two regional giants from past estrangement toward cooperation.

A communiqué after the summit meeting Thursday between General Reynaldo Bignone of Argentina and João Baptista Figueiredo of Brazil said they had agreed on a course of cooperation to confront international economic difficulties.

Brazil has failed to maintain payments on its foreign debt of \$80 billion while Argentina — with a population of fewer than a quarter of Brazil's 125 million — is negotiating a rollback of its \$43-billion debt.

The encounter between Generals Bignone and Figueiredo comes after years of strained relations caused in part by the construction of the Itaipu hydroelectric dam near the site of the talks.

The ceremonial justification of the meeting was initiation of work on a \$32-million bridge over the Iguaçu River that divides the two countries. The two leaders also signed an agreement allowing Argentina to buy Brazilian electricity.

General Bignone reminded General Figueiredo of his intention to be "the last Argentine president not to be elected by the choice of the people." Elections are due late this year.

Spokesmen said that General Bignone made clear his approval of General Figueiredo's smooth handling of elections last year, in effect ending 18 years of military rule. An electoral college is to choose the next president.

A spokesman for the Brazilian Foreign Ministry, Bernardo Pericás, said that Mr. Figueiredo had

Possibility of Drop in Oil Prices Raises Thorny Problems for U.S.

By Robert D. Hershey Jr.

WASHINGTON — The possibility of a precipitous drop this spring in oil prices, as energy conservation and the recession bring a continuing decline in prices, raises thorny diplomatic, financial and other issues for the United States.

Government and industry experts say they expect oil prices to continue to soften, and a sizable number of experts maintain that prices could plunge to \$25 a barrel or less from the current spot market price of more than \$30.

Among the potential problems are further strains on the international banking system, increased chances of instability in the Middle East and withdrawal of some of the money that members of the Organization of Petroleum Exporting Countries have invested in U.S. Treasury securities.

The government, however, does not seem alarmed about the prospect and has developed no overall position to address it because officials say they believe the chance of a dramatic price drop is remote. In any event, the United States has little ability, at least in the short run, to influence what happens.

Moreover, and perhaps most importantly, falling oil prices yield several offsetting benefits.

"There are a lot of minuses, but at the same time there are a lot of pluses," said a diplomatic source, adding that he knew of no government contingency plan to deal with a sharp price decline.

The government also appears to be taking no action that would help prevent, or bring about, lower prices. The idea of imposing a fee on imported oil, which received much attention last year, has been little discussed by policy-makers recently.

ly, although the administration was reported Friday to be considering a \$7-a-barrel levy to help cut the budget deficit.

The Department of Energy, which has survived administration attempts to dismantle it because many in Congress believe there

duce its financial aid to Iraq, which is at war with Iran, and perhaps also to Pakistan, Egypt and South Yemen. This could have destabilizing effects throughout the Middle East, some analysts say.

At the Treasury Department, which monitors the oil nations' investments in the United States, there is some nervousness about possible withdrawals.

According to an unpublished tabulation, oil-exporting countries held \$47.55 billion in U.S. government securities at the end of September. Although this is only about 5 percent of the national debt, it is a very large sum, and specialists say it might shrink soon as a result of price declines that have already taken place, making the Treasury's financing job still more difficult and putting upward pressure on interest rates.

While government officials note that lower oil prices would help spur recovery from recession, it is also recognized that they would discourage exploration for oil and further weaken the already enfeebled effort to develop synthetic fuels.

Many government and private analysts say that the biggest danger of a sharp drop in oil prices, by \$8 to \$10, say, from the official level of \$34 for Saudi light crude, is that this could force financially hard-pressed oil exporters such as Mexico, Venezuela and Nigeria into default on their foreign debt.

But many bankers say that the world banking system, with the aid of the International Monetary Fund, could handle one or two such defaults and that only a precipitous decline should be regarded as dangerous.

Moreover, they said, price declines would improve the financial position of many oil importers, such as Brazil, another country with a large foreign debt burden.

"It's a two-edged sword," said an official at the Comptroller of the Currency's office. He added: "Our examiners continue to pay extra attention to energy-related loans."

Concern has also been expressed that further erosion of the oil revenues of Saudi Arabia, whose production is half what it was 18 months ago, could cause it to re-

neer as his ministers had forecast — raised the subject of Brazilians missing in Argentina since that country's repression of opposition in the late 1970s.

But on the day of the talks São Paulo's archbishop, Cardinal Paulo Evaristo Arns, announced the most comprehensive list yet of citizens missing in Argentina. The list of 7,791 names — compiled by São Paulo's Committee for the Defense of Human Rights in the Southern Cone — is to be presented to Pope John Paul II on Monday.

The Argentine foreign minister, Juan Aguirre Lanari, said the main subject of the two presidents was his country's dispute with Britain over the Falkland Islands. In a speech, General Figueiredo reaffirmed Brazil's support for a negotiated settlement with Britain and said "our solidarity is not just a rhetorical concept."

Salvadoran Expected To Quit Defense Post In the Next 3 Months

By Christopher Dickey

WASHINGTON Post Staff

SAN SALVADOR — After three years as the strong man of El Salvador's U.S.-backed army, Defense Minister José Guillermo García is expected to leave his post within three months, according to senior military and civilian officials here.

Private confirmation of General García's expected departure follows the six-day mutiny in Cabañas province that ended Wednesday.

The officers' rebellion is being seen as a symptom of what the officials say has been growing disenchantment with the general who has held the powerful Defense Ministry through three otherwise complete changes of government since 1979.

For both the Reagan administration and the civilian and military leaders it supports here, General García's likely resignation could be a mixed blessing. General García is increasingly seen as an impediment in effective military strategy against the leftist guerrillas.

The officials indicate that his departure could help bring about not only the tactical military changes that Washington seeks, such as aggressive, small-unit patrols, but also shifts in the leadership of the security forces, which are often associated with criticism of the country's human rights policies.

The shifts would include the removal of several of General García's longtime associates.

Some officials are concerned that the U.S.-endorsed agrarian reform will lose a vital patron if General García departs, and that the forces on the ultraright will be able to take advantage of a resulting confusion in the army.

General García has made no public indication of his intention to resign and there is strong sentiment among many officers that he should not do so following a mutiny. But as one influential commander put it, "It's impossible for

someone to hold onto a position when he has so many problems."

A well-informed government official familiar with the inner workings of the armed forces said several groups in the army want to see General García removed. The groups appear to form a majority.

A widespread complaint against General García is of cronyism and maintenance of personal power at the expense of the war effort.

So far as the right is concerned, it is because of General García's stand on agrarian reforms that he has been "condemned," said one of his associates.

In June, after years of equivocation on agrarian reforms, with politicians left to carry out what many in the armed forces were believed to oppose, General García came down solidly in favor of the changes. His move stopped rightist attempts to cancel the reforms.

Shortly after that, prominent members of private business organizations began publicly questioning the defense minister's conduct of the war.

The rightists would roll back the agrarian and other reform programs aimed at dispersing the wealth of the oligarchy that has run the country.

The U.S. Embassy's public position regarding General García has been to maintain strict neutrality, although in the last year it had been his staunch ally.

Rebels Claim to Seize Town

Leftist guerrillas claimed Saturday that they had captured the army's northernmost outpost in Morazan province. The Associated Press reported from San Salvador.

A rebel commander said guerrillas entered the town of Jocoaitique, 126 miles (202 kilometers) northeast of San Salvador, on Friday.

A military commander in the provincial capital of San Francisco Gotera denied the rebel report. "There's no problem," he said when contacted by telephone.

General Figueiredo said that the situation in El Salvador was deteriorating, and they alleged that the United States had used Israel to intervene in Latin America.

The final communiqué of the 49-member Coordinating Bureau of the Nonaligned Movement avoided much of the anti-U.S. rhetoric that marked the weekend debates between radical and moderate delegates.

"The situation in El Salvador has continued to deteriorate due to the continuation of imperialist intervention and repression," the communiqué said, deleting a previous reference to U.S. involvement in El Salvador.

Efforts by moderate delegates to avoid specifically singling out the United States were seen again in a statement on Honduras-based Nicaraguan rightists that said they "formed part of a deliberate plan to harass and destabilize Nicaragua, as was publicly admitted by a foreign power."

Nonaligned Delegates Limit Blame on U.S.

United Press International

MANAGUA — Delegations from nonaligned nations said in a communiqué Saturday that the situation in El Salvador was deteriorating, and they alleged that the United States had used Israel to intervene in Latin America.

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The statement was an obvious reference to reports that President Ronald Reagan had approved a \$19-million CIA plan to destabilize Nicaragua's leftist government.

Although the meeting focused on problems confronting Latin America, Arab nations led a drive to attack Israel, a delegate said. The final document denounced the "use of Israel by the United States in its interventionist practices" in Latin America.

The communiqué said the ministers agreed that Israel, which is "a principal ally of the fascist and racist regimes and the architect of the policy to eliminate the Palestinian people, has reached the peak of imperialism and racism."

Foreign Minister Bureos Ghali

Guatemala Will Narrow Claim on Belize Territory

GUATEMALA CITY — Guatemala, in a major shift of policy, will withdraw the bulk of its 100-year-old claim to Belize during talks with Britain over the former British colony, according to President José Efraín Ríos Montt.

General Ríos Montt said Guatemala would maintain that it has sovereignty only over one portion of Belize, the 1,866-square-mile (4,851.6 square-kilometer) Toledo district between the Guatemalan border and the Gulf of Honduras. The district includes the coastal city of Punta Gorda. Belize covers 8,800 square miles.

Before, Guatemala claimed all the territory of Belize, but now the Guatemalan position has changed," General Ríos Montt said Thursday. "We want the district of Toledo to form part of our territory."

He said the new position was based on cultural traditions, geography and national security. Guatemala, which broke diplomatic relations with Britain in 1963 and consular relations after Belize became independent in 1981, is scheduled to open talks with Britain in New York on Jan. 24.

In London, the British government said it would withhold formal comment until it received the text of General Ríos Montt's statement. A Foreign Office spokesman said the development could mark a significant advance in the long-running territorial dispute over Belize.

Costa Rica Clears U.S. Journalist

SAN JOSE, Costa Rica — A judge here has thrown out criminal charges against an American journalist accused of illegally practicing his profession here.

The Costa Rican College of Journalists had said Stephen B. Schmidt, 34, who had worked for the English-language *Tico Times* here, had violated the law by not joining the college. But Judge Jeanette Sanchez of the Appeals Court ruled Friday that the charges infringed upon constitutional guarantees on freedom of the press, and violated Mr. Schmidt's rights under the International Human Rights Convention.

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هكذا من الثمل

North German Faces Hard Times Quietly

With 21% Already Out of Work, One Town's Factory Will Close

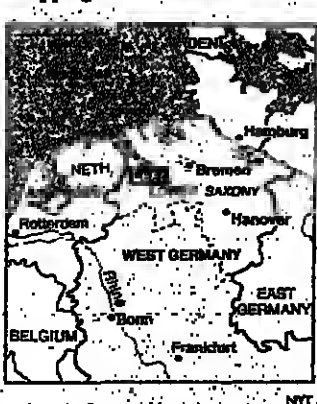
By James M. Markham

New York Times Service

LEER, West Germany — "Leer" means "empty" in German, and the name is an apt evocation of the town's economic state. The town, a small industrial center, is now a ghost town, with its streets empty and its factories closed.

But the 32,000 people of Leer, who take pride in a sense of human scale and big vistas that are hard to find in industrialized West Germany, have another, unhappy distinction. In the national unemployment figures, Leer and its surrounding county are at the top, with 21.2 percent out of work.

East Frisia, the tabulators quickly add, has always had too many people and too few jobs. The mechanization of its grain and dairy farms pushed people off the land and into the port towns of Emden and Leer. Unemployment is mildly seasonal, dropping a little in summer when



tourists head to the North Sea islands.

Hardship in the last century sent East Frisians to distant lands and Australia, but today the bounty of the postwar welfare state has strengthened a disinclination to move. "East Frisians cling to their land," acknowledged Günther Boekhoff, the town's mayor, a big-limbed Social Democrat.

Something newer, and more unerving, than what economists call "structural unemployment" lies behind a jobless rate that will go over 25 percent when AEG Telefunken, the insolvent conglomerate, closes an Olympia typewriter factory in Leer. The shrinkage of Leer's tiny industrial base is a reflection of the alarming downturn in the West German economy during the last two years.

The statistics are eloquent. In 1980, when the nation's unemployment rate stood at 4.8 percent, the rate in the backwater of Leer was 8.1 percent. Now the national rate is 9.1 percent, and Leer's jobless rate is 12.1 points over that, and accelerating.

Yet it is hard to sense hardship, to feel panic or to detect any sign of poverty among the squat, red-brick houses on Leer's tidy, cobble streets.

The signals of trouble are muted. Many houses are put up for sale in the local daily, the Ostfriesen Zeitung, and there are few buyers. Mayor Boekhoff has just cut his recreation budget by 20 percent. Karin Fieders, 29, a part-time taxi driver, complains that she will not be able to con-



Employees of the Olympia typewriter factory protest a planned plant closing in Leer, West Germany, where unemployment has already reached 21 percent.

tinued her university studies because Bonn has slashed student loans.

"One has not become accustomed during the last 25 years to the idea of being unemployed," explained the Reverend Hajo Müller, a Lutheran pastor with a reputation for political engagement. "When you ask a man in Leer what he does, he gives you his profession. Only if you ask will he tell you he has no job."

"The people," the pastor continued over a cup of the highly sweetened tea that is consumed here in generous quantities, "can hardly tell from door to door that a father is out of work. The people are still hoping that we have reached the bottom, that things will be getting better."

Few such hopes flicker at AEG's Olympia typewriter factory, which sits on a little island in Leer's harbor on the swift river Leda.

"When Olympia started in 1957," Hermann Siemers, the chain-smoking factory union chief, said bitterly, "people

thought that this was a job that was sure for life."

But competition from Japan cut into Olympia's world market; to beat the high West German wage costs, components were transferred to Yugoslavia and another unit was set up in Hungary. Last summer, AEG went into receivership and announced that the Leer plant would be closed in June; it had already cut its workforce here from 2,500 to 600.

"On the whole North Sea coast, there is no other place where you can find a job," Mr. Siemers, 62, said. "In 1983 the situation is much worse than it was in 1950. Then there were a lot of small companies. Now there are just big ones."

The Olympia workers' reaction to the disappearance of Leer's single biggest employer has been outrage, a flash of determination and, now, resignation.

When the news broke, the workers did an unusual thing in tranquil Leer: They staged a protest demonstration. They sent an-

other protest delegation to the Lower Saxony state capital, Hannover, to see what the politicians could do. Now they are trying, with fading expectations, to find a company that will take over, and even retrofit, the factory.

"It's most difficult for the people who are 45 to 55," said Mr. Siemers, who plans to retire. "They will never find another job." He joked ruefully: "The ideal job-seeker should be 25 years old and have 30 years' experience."

The politicians can offer East Frisia little hope of an economic revival. Bonn has approved the building of a long-planned highway that will link Leer and Emden with the country's industrial heartland further south. But another proposal for extending Emden's harbor languishes. Within a European Community regional development scheme, the Netherlands opposes the competition that an enlarged Emden port might pose for Rotterdam and other Dutch ports.

Meyer Lansky Is Dead; Reputed Crime Genius

By Robert D. McFadden

New York Times Service

NEW YORK — Meyer Lansky, 81, who allegedly amassed a fortune in a variety of illegal enterprises ranging from bootlegging and gambling to stock manipulation and loansharking, died of cancer Saturday in Miami Beach.

"He would have been chairman of the board of General Motors if he'd gone into legitimate business," an agent of the Federal Bureau of Investigation once said of Mr. Lansky. And in a moment of triumph, Mr. Lansky once boasted to an underworld associate: "We're bigger than U.S. Steel."

Meyer Lansky, the Russian-born immigrant better known as Meyer Lansky, always called himself a lucky gambler. But according to law-enforcement officials, he was for decades a kingpin of organized crime in the United States, a ruthless man who bet only on a sure thing.

Though he was said to have had some experience as a hired gunman in the 1920s, he had not, by most accounts, personally committed an act of violence for 50 years.

Authorities described him as a genius of finance involved in bootlegging during Prohibition, gambling in Cuba, the Bahamas and the United States and loansharking, stock manipulation and underworld penetration of legitimate businesses across the country.

From an impoverished childhood on New York's Lower East Side, he maneuvered his way up through the ranks of organized crime, as investigators told it, parlaying profits from the Prohibition era into hundreds of illicit and le-

gitimate ventures in New York, Miami, Havana, Nassau, Las Vegas and elsewhere.

He was said to have been a key figure in the 1934 creation of a national crime syndicate, which brought fragmented gangland empires into a loosely organized national federation. Later he was said to have devised schemes to infiltrate legitimate business and to have set up sophisticated means to skim receipts and evade taxes.

One biographer said a few years ago that Mr. Lansky had amassed a personal fortune of \$300 million, most of it tucked away in Swiss bank accounts, real estate and hidden investments.

Over the years, Mr. Lansky was accused of many crimes, ranging from assault and narcotics charges to contempt of court, tax evasion and, once, looting after he had become a multimillionaire, vagrancy.

But aside from a few minor run-ins with the law as a teen-ager, he went to jail only once. That was for two months in 1953, on a gambling conviction in Saratoga Springs, New York.

His record included a conviction on only one other charge — a contempt citation in 1973 that was overturned on appeal. Repeated prosecutions ended in acquittals or were thwarted by trial delays arranged by his batteries of lawyers or prompted by his frequent bouts of allegedly poor health.

Mr. Lansky's name became virtually a household word after hearings by the Senate Crime Investigating Committee in 1950 and 1951. The Kefauver Committee, as it was known, conducted the most far-reaching study of organized



Meyer Lansky

crime ever undertaken, and Mr. Lansky — named as a major boss — was called to testify, but he provided little helpful information.

Mr. Lansky became an international cause célèbre in the early 1970s when he retired to Israel and refused to return to the United States to face two federal indictments. He sought to remain in Israel under that country's Law of the Return, which says every Jew has the right to immigrate to Israel, and a two-and-a-half-year legal battle ensued.

Israel asked him to leave after his highest court ruled that his past made him a danger to public safety, and he was arrested when he landed in Miami on Nov. 7, 1972. He eventually beat the charges that were pending against him.

In recent years, while living in seclusion in Miami, Mr. Lansky was mentioned repeatedly in hearings relating to casino licenses in Atlantic City, New Jersey, and in connection with questionable loans from pension funds of the Teamsters union.

David M. Shoup Dies; Led U.S. Marine Corps

New York Times Service

NEW YORK — General David M. Shoup, 78, a World War II hero, a retired commandant of the Marine Corps and an early, outspoken critic of U.S. involvement in the Vietnam War, died Thursday of a heart ailment in Alexandria, Virginia.

General Shoup, who won the Medal of Honor for gallantry at Tarawa in the Pacific, said he believed the build-up of U.S. forces in Vietnam was unjustified. He called President Lyndon B. Johnson's contention that the Vietnam War was vital to U.S. interests "pure, unadulterated poppycock."

In 1966, three years after his retirement from the Marine Corps, General Shoup told students at Pierce College in Los Angeles that he did not think "as related to the present and future safety and freedom of this country" that "the whole of Southeast Asia was worth a single American life."

"People keep honking about four presidents having made commitments," he said in an interview in 1968. "We never made commitments, legal or otherwise, to furnish combat-type forces to anyone."

William Dole, 65, an artist who was known as one of the most distinguished practitioners of collage, died Thursday in Santa Barbara, California.

He worked with words — written, printed or engraved — as much as with color and texture. His raw materials were of every imaginable kind, including early maps, 19th-century bills and ephemera, old handwritten letters, specimens of marbled paper and papers imported from Japan for use in the manufacture of artificial roses.

Other Deaths: Vladimir Bakuric, 70, a vice president of Yugoslavia for Croatia and the last of the closest aides of Tito still in power, Sunday in Zagreb.



General David M. Shoup

Warsaw Seeks to Limit Hiring by Journalists

By Dan Fisher

Los Angeles Times Service

WARSAW — Officials have drafted an amendment to the Foreign Ministry decree governing the accreditation of foreign journalists that would require correspondents to hire translators and other local employees exclusively through state institutions, the Los Angeles Times has learned.

The amendment, which a well-placed official said was "98 percent certain" to be adopted, is reportedly aimed both at curbing the independence of foreign news-gathering operations and at generating hard-currency income for the state.

Foreign correspondents are now permitted to hire Polish staff members directly, although Foreign Ministry and local employment officials must approve them. The draft amendment would be another in a series of recent government moves against Western journalists.

The latest such measure was the expulsion order Thursday against Ruth E. Gruber, 33, bureau chief in Warsaw of United Press International, who was accused of collecting espionage materials.

Two days before the police operation that led to Miss Gruber's expulsion, she held a party in her home that was attended by two senior officials of the disbanded Solidarity trade union who were among the last to be freed when official internment ended Dec. 23, Reuters reported from Warsaw.

[The authorities also appear to be trying to isolate average Poles from contacts with Westerners, especially Americans, Reuters said. It reported that people attending a film at the U.S. Embassy last week were detained for some time afterward by police.]

Earlier, authorities rejected the applications for renewed work permits for nine Poles employed by Western news agencies.

If adopted, the new measure governing employment of Poles by foreign journalists would be similar to that long enforced in the Soviet Union, where all local employees of diplomatic missions and foreign news and business organizations must be hired through the "office for servicing the diplomatic corps."

Westerners in Moscow generally believe that the duties of these staff members include telling the secret police about their employers' activities.

The amendment under consideration in Poland would affect scores of translators, secretaries and office accountants employed by foreign news organizations. Foreign television news teams are already required to hire their film crews, technicians and a "team leader" through the official Polish Interpress Agency.

In a related development, the Communist Party newspaper, Trybuna Ludu, complained Saturday about reports published in the West concerning the recent actions against foreign correspondents.

The reports "are meant to illustrate a broader thesis that attempts to picture Poland as a country that is closing its borders and hindering the flow of information," the newspaper charged.

Trybuna Ludu called the actions against Western correspondents "exceptional and untypical" and argued that "our national interests are consistently working for an open Poland."

To support its view, the newspaper said there was an "unprecedented" 120 foreign correspond-

ents permanently accredited in Poland, including 70 from Western countries.

Gruber Arrives in Berlin

Miss Gruber arrived Saturday in West Berlin, UPI reported. During the 10-hour drive from Poland to Berlin, she was accompanied by a U.S. Embassy official. She said the drive was uneventful except that she was stopped once for speeding in Poland.

"When the traffic cop saw my passport, he realized who I was. He gave me a speeding ticket with a smile and said, 'Here you are, your last souvenir from Poland,'" she said.

Miss Gruber, who scheduled a news conference Monday in West Berlin to discuss the expulsion, called the charges against her "completely ridiculous." Interior Ministry officials said Miss Gruber "was interested in information that had a military character and she collected it at the request of UPI headquarters."

S. Africa's Blacks Face Soaring Joblessness

By Joseph Lelyveld

New York Times Service

JOHANNESBURG — South Africans returned to work last week after a midsummer holiday season that annually halts most construction and manufacturing, and there were strong indications that thousands of black migrant workers found they had no jobs to which to return.

Economists at major financial institutions have been predicting that the number of black unemployed could soar by 250,000 or more in the coming months as a result of a simultaneous slump in the country's foreign and domestic markets.

The level of black joblessness in South Africa has been a matter of prolonged dispute between the keepers of the government's statistics and academic experts.

The official estimate of black unemployment stands at about 500,000, but government statistics no longer take account of blacks in four tiny black states, or "homelands," that are deemed by South Africa, but no other government, to have gained their independence.

The official statistics also narrowly define the "economically active" black population and ignore those blacks whose presence in the so-called white areas can be regarded as illegal under the country's laws.

There are thought to be more than 23 million blacks, or about 72 percent of the total population, within the country's traditional borders.

Professor Charles Simkins, an economist at the University of Cape Town, argued several years ago that at least 2 million blacks were more or less permanently dealt out of the job market because of rigid regulations on black movement in the country, the economic backwardness of the homelands and low levels of education and skills.

Others, attempting to update his figures, speculated recently that black unemployment could be as high as 2.5 million or even 3 million. The higher estimate would amount to nearly one-fourth of the estimated black work force.

Bribery Was Way of Life at Soviet School

Reuters

MOSCOW — Bribery

reached such refinement at the Chernigov teacher-training college in the Ukraine that in the English Department there was a sliding scale of charges ranging up to 10 rubles (\$14) for top marks, the Moscow trade union daily Trud reported.

A Russian language lecturer took a one-time payment of 200 rubles (\$280) from her entire class, and the head of sports took Cognac, fish, and cassettes, Trud said. To ensure completion, the head of the examining board was paid off with a television and, in the course of time, more than 1,000 rubles in cash.

The daily said that the staff involved had all been jailed for unspecified terms at a recent trial. It did not say how they had been discovered.

Austria Arrests Dealer Cited in Attack on Pope

By Henry Kamm

New York Times Service

VIENNA — An arms dealer whose name has been mentioned in connection with the pistol used in the attempt on the life of Pope John Paul II has been arrested here in an investigation into the smuggling of a consignment of weapons from Czechoslovakia.

The dealer is Horst Grillmayer. An Interior Ministry official said Friday that Austria was investigating reports from Italy that an Austrian license issued in Mr. Grillmayer's name had been used to buy in Switzerland and sell in Austria the pistol with which Mehmet Ali Agca shot the pope on May 13, 1981.

Italian prosecutors may charge Mr. Grillmayer for gun smuggling with complicity in the shooting of the pope. The Associated Press in Rome quoted two Milan newspapers as speculating Sunday. Under Italian law a person can be charged as an accessory for selling a gun used in a crime, even if he did not know what the weapon was going to be used for.

[Neither Corriere della Sera nor Il Giornale Nuovo cited sources for their stories, and Italian investigators have consistently refused to comment on specifics of the investigation.]

In a telephone interview at his home in Wels, Austria, a state prosecutor, Otto Schimmon, said he was preparing a case against Otto Tintner, another arms dealer. He said he would charge Mr. Tintner with violations of the arms law and financial irregularities in connection with the buying and selling of a consignment of weapons that included the pistol that Mr. Agca used.

Mr. Schimmon said that the pistol was sold to an unknown person and that, since his case did not concern the attempted assassination in St. Peter's Square, he had not inquired into the identity of the buyer and the circuit by which the weapon reached the Turkish gunman. A Turk, Omar Bagci, has been extradited from Switzerland to Italy and may be charged with providing the pistol to Mr. Agca.

The case in which Mr. Grillmayer was arrested Tuesday night is causing considerable attention here because of the suspicion of, at the least, official Czechoslovak complicity in arms smuggling.

A Czechoslovak citizen, Petr Bardon, was arrested at the border crossing point at Kleinhaugsdorf because the Austrian retained car that he was driving contained — in addition to a declared lot of 15,000 rounds of ammunition — 300 undeclared pistols and seven semi-automatic rifles of Soviet design so oev that, according to an Austrian customs official, military experts said the type was unknown in the West.

These sophisticated rifles were equipped with special night-sights and are presumably meant for snipers, officials said. The type was

Turkish Official in Iran

The Associated Press

ISTANBUL — Energy Minister Fahri Ikel traveled to Iran Sunday to complete an oil agreement, the Istanbul daily newspaper Cumhuriyet reported. Under the accord, Iran would deliver 5.5 million tons of crude oil to Turkey in 1983 — about 100,000 barrels per day.

MANAGEMENT SCHOOLS SEMINARS & CONFERENCES

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INTERNATIONAL EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
TRADERS		Coastal Int'l (crude/mineral oil products)	Netherlands	1. Product Trader; 2. Crude oil Trader; 3. Rubber Trader.	Witte Ras, Coastal Int'l (Rotterdam) N.V., Torenstraat 25, 3011 XS Rotterdam, The Netherlands.	L.H.T. 6-1-83
DIRECTOR OF INVESTMENTS		Bar Al-Musal Al-Islami (financial services)	Assiout, Egypt	Capable & exp. financial investment prof.; MBA or equiv.; Swiss nat. or permit, or Mediterranean origin.	Bar Al-Musal Al-Islami (BAM) SA, P.O. Box 606, 1211 Geneva 1	L.H.T. 6-1-83
SENIOR ECONOMIC ADVISER	Competitive	The World Bank	Liverpool, Eng.	Exp. in depl. planning & in preparation, evaluation & implementation of investment projects; Eng., Fr.	Ref. No. 134-FRAM201, The World Bank, 1818 N. Street, N.W., Washington, D.C. 20433.	L.H.T. 6-1-83
FINANCIAL ANALYST	Competitive	The World Bank	Liverpool, Eng.	Exp. in financial analysis & financial resource mgmt. & planning; Eng., Fr.	Ref. No. 134-FRAM201, The World Bank, 1818 N. Street, N.W., Washington, D.C. 20433.	L.H.T. 6-1-83
FINANCIAL CONTROLLER	U.S. \$38-57,000	Synpak (int'l courier co.)	Jersey City, N.J.	20-35 yrs. exp. of accounts staff exp.; preparation of financial plans & accounts.	World General Manager (Ref. FCS), Synpak Int'l (R.I.) Ltd., Unit 6, Spillville Estate, Hounslow TW5 9HW.	Financial Times 6-1-83
ACCOUNT EXECUTIVES		E.F. Nathan Int'l (brokers & investment bankers)	Greece	Established Account Executives.	Eleonora Del Drago, 9 Place du Bourg-de-Four, 1204 Geneva.	L.H.T. 6-1-83
MANAGER Int'l Business Development	Negotiable	Leading U.S. Airlines Co.	Brussels	American nat.; Mgmt. in business depl. or mgmt. of airlines; negotiation or communication systems.	Box D 1982, International Herald Tribune, 95251 Neuilly Cedex, France.	L.H.T. 6-1-83
Petrol Eng. Projects Leaders	Highly Competitive	Sabco	San Francisco	St. level degreed Petroleum Engineers; 8-12 yrs. broadly based tech. exp. in pet. of reserve engineering.	Martin Jenkins, Sabco Petroleum Co., 10000, 100 Pine St., San Francisco, CA 94111.	L.H.T. 6-1-83
Sales & Tech. Service Executives		British Chemicals & Polymers	West of London & France	Univ. level chemistry or chemical engineering educ.; sales, research & depl. &/or tech. service exp.; Eng., +.	Hugh Jones Associates, Avenue de Tervuren, 230 Box 9, 1150 Brussels.	Frankfurter All. Zeit. 6-1-83
GENERAL MANAGER Germany	Top flight, negotiable	DBL (Wholesale carrier)	Koln (near Frankfurt Airport)	Proven or. mgt. record of success; profit performance; commercial acumen & a solid, unblemished; 35-45; Ger., Eng.	R.S. Davidson, DBL Int'l N.Y., Knickerbocker 837 R., 2132 W. Washington, National.	Frankfurter All. Zeit. 6-1-83

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

Ann	Security	CHV Rate	Intake Pt.	Mkt. Pr.	Yield	Ann	Security	CHV Rate	Intake Pt.	Mkt. Pr.	Yield	Ann	Security	CHV Rate	Intake Pt.	Mkt. Pr.	Yield				
ann 139	Eps Econ Eval & Invest	9	99/12	108	1.47	1	Prms Of Newfoundland	6	1/12	98/12	107	1.52	130	Western Wk Fin.	5	5/14	Dec	99/12	120	9.85	
ann 140	1/1/72 - 1993 Jan	9	99/12	98/34	1.41	2	Prms Of Newfoundland	6	1/12	98/12	107	1.52	131	Stemmen Overseas	5	3/14	Dec	99/12	117	11.34	9.85
ann 141	9/1/74 - 1993 Jan	9	99/12	101	1.62	3	Prms Of Newfoundland	6	1/12	98/12	107	1.52	132	Public Power Corp.	5	8/14	Dec	99/12	120	10.68	9.57
ann 142	9/1/74 - 1993 Jan	9	99/12	101	1.62	4	Prms Of Newfoundland	6	1/12	98/12	107	1.52	133	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 143	9/1/74 - 1993 Jan	9	99/12	101	1.62	5	Prms Of Newfoundland	6	1/12	98/12	107	1.52	134	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 144	9/1/74 - 1993 Jan	9	99/12	101	1.62	6	Prms Of Newfoundland	6	1/12	98/12	107	1.52	135	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 145	9/1/74 - 1993 Jan	9	99/12	101	1.62	7	Prms Of Newfoundland	6	1/12	98/12	107	1.52	136	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 146	9/1/74 - 1993 Jan	9	99/12	101	1.62	8	Prms Of Newfoundland	6	1/12	98/12	107	1.52	137	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 147	9/1/74 - 1993 Jan	9	99/12	101	1.62	9	Prms Of Newfoundland	6	1/12	98/12	107	1.52	138	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 148	9/1/74 - 1993 Jan	9	99/12	101	1.62	10	Prms Of Newfoundland	6	1/12	98/12	107	1.52	139	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 149	9/1/74 - 1993 Jan	9	99/12	101	1.62	11	Prms Of Newfoundland	6	1/12	98/12	107	1.52	140	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 150	9/1/74 - 1993 Jan	9	99/12	101	1.62	12	Prms Of Newfoundland	6	1/12	98/12	107	1.52	141	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 151	9/1/74 - 1993 Jan	9	99/12	101	1.62	13	Prms Of Newfoundland	6	1/12	98/12	107	1.52	142	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 152	9/1/74 - 1993 Jan	9	99/12	101	1.62	14	Prms Of Newfoundland	6	1/12	98/12	107	1.52	143	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 153	9/1/74 - 1993 Jan	9	99/12	101	1.62	15	Prms Of Newfoundland	6	1/12	98/12	107	1.52	144	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 154	9/1/74 - 1993 Jan	9	99/12	101	1.62	16	Prms Of Newfoundland	6	1/12	98/12	107	1.52	145	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 155	9/1/74 - 1993 Jan	9	99/12	101	1.62	17	Prms Of Newfoundland	6	1/12	98/12	107	1.52	146	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 156	9/1/74 - 1993 Jan	9	99/12	101	1.62	18	Prms Of Newfoundland	6	1/12	98/12	107	1.52	147	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 157	9/1/74 - 1993 Jan	9	99/12	101	1.62	19	Prms Of Newfoundland	6	1/12	98/12	107	1.52	148	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57
ann 158	9/1/74 - 1993 Jan	9	99/12	101	1.62	20	Prms Of Newfoundland	6	1/12	98/12	107	1.52	149	Amey Inc	5	2/1	Dec	99/12	120	10.68	9.57

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(Continued on Page 82)

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Leading Marketmakers in Eurobonds **WestLB**
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MONDAY, JANUARY 17, 1983

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EUROBONDS

By Carl Gewirtz

New Issues Coming to Market Reach Unprecedented Number

PARIS — An unprecedented flood of new issues swamped the Eurobond market last week.

Thirty-one new issues totaling \$3.3 billion came to market and adding Sweden's jumbo floating rate note, announced a week earlier, which was increased \$200 million to \$1.2 billion, the total jumps to \$4.5 billion.

Twenty-one of the new issues are denominated in U.S. dollars of which 12 are offered on the installment plan. Investors are asked to put up from 10 percent to 25 percent of the purchase price now and the remainder in July, August or, in one case, November.

This brings the number of partly paid issues launched on the market to six payable in July and 12 in August, effectively mortgaging the calendar for those months by \$1.6 billion. That is not an overwhelming burden as the average monthly total last year amounted to \$4.3 billion.

But what no one wants to talk about is the potential chaos in the market if purchasers decide not to put up the balance of money called for later this year.

For example, purchasers of the \$100-million, seven-year notes of Norway's Eksportfinans, bearing a coupon of 9 1/2 percent, are asked to put up 10 percent of the subscription price now and the balance in August. That down payment price is the lowest of any partly paid issue yet offered. However, if interest rates on seven-year paper in August exceed 12 1/2 percent (implying a market price of 89 1/2 or less for the Eksportfinans paper), it would be more profitable for purchasers to throw away the \$100 they had put up for one Eksportfinans security and use the remaining \$900 commitment to buy a new issue yielding 12 1/2 percent or more.

In another example, purchasers of Finance for Industry's \$75-million, five-year notes bearing a coupon of 11 percent are currently asked to put up 20 percent of the purchase price. However, if by August five-year paper is yielding 18 1/2 percent or more (implying a price of 78 or less for these notes), it would be more profitable to throw away the 20-percent down payment and use the 80 percent remaining to buy a new issue.

Obviously, issuers, underwriters and purchasers expect bond market yields at mid-year to be lower than they are now. But that is a gamble and the risk of that wager is being borne by the issuer rather than the investor. As the above examples seek to demonstrate, rates would not have to rise all that much to make some of the paper undesirable.

No tears need be shed for the issuers who could discover in August there is no issue. In exchange for low down payments they are succeeding in selling paper at terms that could not otherwise be achieved. Coca-Cola, for a 30-percent down payment, is offering \$100 million of nine-year bonds at par bearing a coupon of 9 1/2 percent — the lowest seen in more than two years — and General Electric Corp., asking for only 20 percent now, is offering to pay 9 1/2 percent for eight-year money.

To put that in some perspective, the yield is about 58 basis points (100 equals one percentage point) below comparable U.S. government paper in New York. Allowing for the fact that the GEC is being traded at a discount of 1 1/2 points, the yield is still 25 basis points under U.S. Treasury paper. This inversion of U.S. corporate paper fetching better terms in Europe than the federal government at home was seen last year when investors were willing to pay almost any price to buy tax-free quality dollar securities. But the dollar today is falling on the foreign exchange market.

The new-issue terms also bear no relationship to the much higher yields on seasoned Eurobonds available in the secondary market. The discrepancy is so large that investment bankers, themselves underwriting the new issues, admit privately that the new terms are irrational, even though in the next breath they admit to outthroat competition to win the new deals.

"If we waited to do deals that offered what we thought was value for money, we wouldn't be doing any business," a cynical manager said. Bankers report that the once staid bond market has become one giant casino, crowded with speculators who for 10, 20 or 30 percent down now are betting that interest rates will continue to fall sharply. The focus of these speculators is not on the coupon or the yield of the paper they are buying, but the potential capital gain if rates do fall. The capital gain can be tremendous considering that the speculators will benefit from the appreciation on the full \$1,000 nominally valued bond even though they have put up only a fraction of that face value.

And with only 10 percent to 15 percent down, the downside risk in a worst case scenario is limited.

The word in the bond market is that the Japanese are among the biggest players. They are said to be intrigued not only by the potential capital gains, but also by the potential foreign exchange gains. As (Continued on Page 9, Col. 5)

Diamond Mine in Australia Set to Outshine the World

New York Times Service

CANNBERRA, Australia — With a marketing agreement in hand, Australia's Argyle diamond mine is set to begin production in what could become the world's largest diamond mining operation by 1984.

The mine, located near the shores of Lake Argyle in the state of Western Australia, is a joint venture of CRA, an affiliate of Rio Tinto-Zinc of Britain, with 56.8 percent of the project; Ashton Mining, with 38.2 percent; and Northern Mining, with 5 percent.

When the mine reaches full production, 20 million to 25 million carats of diamonds will be removed each year, reaping annual revenues of more than \$160 million a year but well below earlier estimates of \$325 million when diamond prices were higher. The annual production from Lake Argyle alone could reach almost half of total world diamond output.

Last month, the Western Australia state government gave its approval for De Beers Consolidated Mines' Central Selling Organization to market most of the mine's output until 1990.

Whether South African-owned De Beers, whose CSO controls about 80 percent of the world diamond trade, should control marketing had been a source of contention in Australia. There had been questions about whether a foreign company should have control of such a big Australian project and about South Africa's separatist racial policies.

De Beers, with large mines in the Transvaal and the Associated Mines in Botswana, is the largest single diamond producer, but most of the diamonds from other African and Soviet centers are also sold through the CSO.

The major function of the CSO is to balance diamond supply and demand. It creates demand through advertising. And extensive research has created a new market for industrial diamonds, with about 80 percent of the Lake Argyle production falling into this category.

The CSO also controls supply by stockpiling diamonds during cyclical downturns. And control over this vast new supply of diamonds is particularly important because the current downturn is entering its third year.

The CSO's sales during the first six months of 1982 had fallen 15 percent, to about \$731 million, from a year earlier. It was reported at about the same time that the price of the benchmark one-carat flawless "D" grade diamond gemstone had fallen to \$16,500 from \$60,000 about 18 months earlier. Uncontrolled flooding of the diamond market would cause prices to plummet further. The CSO also sets diamond prices for distributors.

Lake Argyle production in 1983 is expected to be about three million carats, worth about \$23 million. After 1985, when mining on the main diamond vein at Lake Argyle gets under way, production is scheduled to be up to 25 million carats a year.



An Ashton assayer inspects a Western Australia diamond.

The De Beers group's own mines in southern Africa have a capacity of up to 19 million carats a year, but with a much larger proportion of valuable gemstones than Argyle's 5 percent to 18 percent ratio.

The marketing agreement provides for the sale to the CSO of all gem diamonds, except for a small amount to be retained for independent marketing of polished gems from a cutting and polishing facility to be set up in Perth. This was the price extracted by the Western Australia state government for agreeing to the De Beers arrangement.

All cheap gem and industrial diamonds from the two major partners' share in the Argyle deposits will go to the CSO until mid-1984, but afterward one-fourth will be available for independent sale on the open market.

The third Argyle partner, Northern Mining, controlled by Alan Bond, a businessman, has won agreement to sell its 5-percent share independently and will do so through an Antwerp dealer.

Launching of the \$350-million joint venture is providing a bright spot in an otherwise depressed Australian mining scene.

Politics, Oil Fears Pressure Sterling

By Bob Haggerty

International Herald Tribune

PARIS — Though it steadied late last week after a rude fall, the British pound is likely to remain wobbly, according to foreign exchange analysts here and in London.

The problem is largely a mix of politics and oil. Worries about those two questions helped drive sterling down to \$1.5815 at Friday's closing in New York from \$1.611 a week before in London and to around 2.3543 Deutsche marks in New York from 3.760 DM a week earlier in London.

The market is afraid that the Labor Party could win national elections to be held sometime between now and May 1984, the latest date by which Prime Minister Margaret Thatcher must call elections. Labor has indicated that it would push down the pound's value in an effort to revive exports, and a Labor government would be likely to reimpose foreign exchange controls, which were removed by the Conservative Party government in 1979.

At the same time, many market participants expect that Saudi Arabia will soon be forced to cut its oil prices because demand remains weak. That would force down North Sea oil prices and lower Britain's oil revenue, a major prop for the pound over the last several years.

"At last the market has recognized that the pound is overvalued," an economist at a major British bank said Friday. He said the recent drop is not temporary but part of a "fundamental realignment" after several years of strength. In the past two months, the pound has fallen about 12 percent against other major currencies on a trade-weighted basis.

Nonetheless, he said the pound should ease down in the weeks ahead rather than fall precipitously as it did last week. An official of a major U.S. bank in Paris agreed. "I would not see the pound falling substantially in the next few months," he said.

At the London stockbrokerage of James Capel, Keith Jones, the chief economist, ventured: "Famous last words, but I think the market is discounting ahead a lot of bad news at the moment," and the worst patch for the pound is past.

Over the coming months, several analysts said, sterling is likely to fall further against the mark and the yen, but stabilize or even rise against the weakening dollar.

David Morrison, an economist at the brokerage of Simon & Coates, said sterling could well fall to \$1.50 in the next few months, then recover to \$1.75 by year-end as the dollar continues to weaken. Several other analysts put their year-end bets between \$1.50 and \$1.70.

Simon & Coates sees the pound continuing to fall against the mark, likely reaching about 3.50 DM by year-end. Grindlays Bank has forecast a year-end sterling rate of 3.20 DM.

Speculation that the Conservatives were planning to call an election soon was fueled last week by Mrs. Thatcher's trip to the Falklands. But the Conservative Party later denied such election plans.

Derek King, an economist at Midland Bank, said he saw little chance of a Labor victory, but noted: "Uncertainty is the bughouse of the market."

If Labor does win the next election, said Brendan Brown, an economist at the brokerage of Phillips & Drew, the pound probably would drop 8 to 10 percent in a matter of days. Then, he said, the new government would be forced to call for aid from the International Monetary Fund and rethink its foreign exchange policy.

Many bankers and businessmen would like to see Mrs. Thatcher call an election soon, perhaps this summer, while she remains ahead in the opinion polls. By autumn, the pound's decline may have caused inflation to rise from its current annual rate of about 6 1/2 percent, since a weaker currency means more expensive imports.

In addition, the balance of payments surplus is expected to shrink this year, and unemployment is not considered likely to decline soon from its current rate of about 13 percent. The Thatcher government also will suffer if it is forced to drive up interest rates in an attempt to defend sterling.

Nonetheless, not all of the economic signs are negative. Inflation is relatively low by world standards, and government spending seems under control, analysts say. Many also believe that the Thatcher government, like the Reagan government, is becoming more flexible in its economic policies.

M-2 Results Aid Hopes for Discount Rate Cut

New York Times Service

NEW YORK — The latest U.S. money supply figures showing that the M-2 measure ended the year on target have increased the likelihood that the Fed would soon reduce its discount rate.

U.S. CREDIT MARKETS

discount rate, the interest that it charges on loans to commercial banks, according to participants in the money markets.

Many analysts had expected a larger increase in the M-2, the most closely watched measure of the U.S. money supply, in December than the \$14.1-billion increase reported Friday by the Federal Reserve Board because of the growing amount of money deposited in money market deposit accounts, which depository institutions were authorized to begin offering on Dec. 14. The M-2 includes both cash and savings.

"We had expected a considerably larger increase," said Paul Boltz, an economist with Citicorp, an economist with Citicorp, an economist with Citicorp, an economist with Citicorp.

The M-2 ended December at a seasonally adjusted \$2,001.5 trillion, 8.5 percent higher at an annual rate than in November and left the growth of M-2 within the central bank's target of 9.5-percent growth for the fourth quarter.

The credit markets, however,

U.S. Consumer Rates For Week Ended Jan. 14

Postoffice Savings, 5.50 %

All Savers' Certificates, N.A. %

4-Month Savings Certificates, 8.47 %

Tax-Exempt Bonds

Money Market Funds

Dow Jones 7-Day Average, 8.00 %

Home Mortgage

FHLB average, 14.26 %

showed little enthusiasm. Traders said that they had expected the money supply figures to reflect moderate growth, and prices in the market had already been discounted in anticipation of the news. In addition, analysts said that many traders had expected a cut in the discount rate to be announced Friday, and that prices fell when it became clear that the rate would not be changed immediately.

To Friday's late trading, the rate on three-month Treasury bills declined slightly, to 7.55 percent.

Rates on six-month bills, offered at 7.65 percent, were unchanged on the day. Meanwhile, prices of long-term government bonds fell by more than one-half point.

Technical factors are likely to reinforce the money supply trend that is putting downward pressure on the discount rate. For example, the post-holiday decline in currency in circulation should significantly increase bank reserves and thereby drive down the interest rate on federal funds, overnight money that banks trade among themselves.

Banks have the option of meeting their reserve requirements either by borrowing from the Fed or by borrowing federal funds from other banks. If, as expected, the federal funds rate drops to 8 percent, the Fed would likely act to bring the discount rate — now 8 1/2 percent — into line.

The central bank also said Friday that M-3, the broadest measure of the money supply, which includes large certificates of deposit, rose \$4.7 billion in December, to \$2,406 billion. Like M-2, the increase in this measure was lower than expected, leaving its growth below what had been targeted for the fourth quarter.

The central bank also reported that M-1, a measure of cash and most checking accounts, fell \$300 million, to \$477.8 billion for the week that ended Jan. 5. Although M-1 is regarded as a less reliable measure of the money supply than M-2, the decline heightened optimism of an impending decline in rates.

"These are numbers that the Fed can feel very comfortable with," said Robert A. Schwartz of Merrill Lynch, adding that he expected a reduction in the discount rate within two weeks.

In Asia, Air Lanka, guaranteed by Sri Lanka, is raising \$25.8 million for eight years, offering half a point over Libor for the first two years and 7/8 point over for the final six years.

The \$1 billion initially announced.

France is drawing down the final \$400 million of its recent \$4-billion credit that was raised to bolster the government's resources to defend the franc. With that now fully drawn, the government will be stepping up its recourse to the loan and bond markets, bankers report.

EDF is expected to raise \$300 million this week through a public offering of floating rate notes carrying warrants to buy fixed-rate bonds while another state agency is planning to tap the bank market through a syndicated loan.

The repatriation of these proceeds into France will help relieve the pressure on the franc in the foreign exchange market. However, all currency forecasters anticipate a devaluation of the franc (possibly coupled with a revaluation of the Deutsche mark) following the March 6 West German federal elections and the March 13 French municipal elections.

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Japan Banks Holding Out Over Brazil Debt

By Carl Gewirtz

International Herald Tribune

PARIS — Tempers are beginning to fray over the continued refusal of Japanese banks to join the rescheduling operation for Brazil.

U.S. bankers now accuse the Japanese of bad faith, saying that they are running down their interbank lines to Brazil while talks drag on instead of maintaining their exposure as requested.

The proposed commercial bank salvage operation for Brazil is made up of four parts: A \$4.4-billion loan of new money; a rescheduling of \$4 billion of principal repayments due this year into an eight-year loan; and a maintenance of existing short-term trade credits (said by Brazil to total \$8 billion) and money-market lines of credit (said to total \$10 billion).

Banks holding more than \$30 million in medium- and long-term Brazilian loans have been asked to provide the cash for the new loan. The 121 banks falling into this group are to put up amounts equal to about 12 percent of their outstanding medium- and long-term exposure.

The Japanese, whose loans are mostly medium- to long-term, have balked at this, saying that it is unfair to exclude from the calculations short-term loans of which U.S. banks hold a major portion. Including short-term loans would reduce the amount of new money the Japanese are being asked to supply and increase the amount of the U.S. banks.

The U.S. banks argue that Brazil's short-term debt is almost exclusively trade related and therefore self-liquidating — that is, pre-export finance that is repaid out of the proceeds of the export sale. The Americans contrast this with the situations in Mexico, Argentina and Venezuela, where massive short-term borrowings were used in place of long-term finance and thus represent an overhang that cannot be repaid without being rescheduled.

So far, \$3.4 billion of the new money loan has been spoken for. "The Japanese are the sole national

holdout," one angry participant said. Only two of the 24 Japanese banks that were asked have agreed to join, providing \$25.5 million of the \$772 million expected from Japan.

"Please, threats, cajoling have all been useless," a senior U.S. banker said. "There's a total lack of cooperation, but it's always done through smoke screens — endless meetings going over the same ground which get nowhere or min-

SYNDICATED LOANS

isters who must be consulted but who are never in their office."

This banker said the Japanese banks "are taking advantage" of their nonacceptance of the new money loan in order not to comply with the other elements of the package. "Tempers are up," he said, because "the Japanese are systematically cutting their money-market lines."

Meanwhile, in Europe, efforts were made to reopen the syndicated loan market traumatized by the debt problems of Latin America.

Denmark announced plans to raise \$1-billion, seven-year credit and drew applause from the market for not trying to mask the fact that it is paying more than it did last year by paying higher commissions while holding other charges unchanged.

The maturity is a year less than last year's borrowing and interest charges are an eighth of a point higher. Lenders can choose to use either the prime rate or the London interbank offered rate as the base lending charge.

Interest will be set at 0.25 percentage point over the prime rate for three years and 0.30 point for the final four. If the prime rate exceeds the rate for 90-day certificates of deposit by 1.25 percentage points for two consecutive weeks, the loan charge shifts to the combination of this margin over the CD rate for the first three years and 1.3 points over the CD rate for the final four years.

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YOUR RESOURCEFUL BANK

NEW YORK (AP)—Weekly Over the Counter market activity was high, with the volume of trading in the over-the-counter market reaching a record high of 1.2 billion shares.

Over-the-counter trading was particularly active in the technology and telecommunications sectors.

Among the most active stocks were Intel, which rose 1 1/2 points to 24 1/2, and Texas Instruments, which gained 1 point to 21 1/2.

Other notable gains were seen in the semiconductor sector, with AMD rising 1 point to 18 1/2 and National Semiconductor up 1 point to 20 1/2.

The market was also active in the telecommunications sector, with AT&T rising 1 point to 21 1/2 and Western Union up 1 point to 18 1/2.

Overall, the market was characterized by strong buying interest, particularly in the technology and telecommunications sectors.

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Over-the-Counter

NASDAQ NATIONAL MARKET

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With decade-long ties to the City, Yamaichi International (Europe) Limited looks forward to expansion and diversification of its securities services.

By Dick Wilson

AN INSIDE VIEW OF YAMAICHI INTERNATIONAL

FIRST LONDON OFFICE ESTABLISHED IN 1964

Yamaichi International (Europe) Limited is ten years old today. Japan's premier securities house, Yamaichi Securities Co., Ltd., first opened a representative office in London in 1964 when President Kennedy's changes in the U.S. taxation system induced Japanese borrowers to move to the London market. The \$5 million Convertible Debenture issue of Canon, the camera and office machine maker, was the first highly successful entry by Yamaichi into the London market, since then it has never looked back.

Today the business has greatly diversified. The representative office grew first into a branch in 1970 and then into a separate U.K. company with authorised capital of £1 million. The staff now exceeds seventy, occupying a suite of modern offices at Finsbury Pavement.



The resident Director of Yamaichi Securities there is Katsuhisa Yamada, but you would be lucky to find him in The London company co-ordinates the work of four other Yamaichi offices in Europe and one in Bahrain, and Mr. Yamada spends about half his time travelling.

"I took up my post here in London," he said, "only last month, and already I have had to make two trips to Switzerland and one to the USA." (He was here once before, as Managing Director of the London Company, in the late 1970s.)

Yamaichi International (Europe) —YIE— engages in a wide variety of investment banking facilities, especially major European and yen currency underwriting, stock-broking and dealing. Under its Managing Director, Hitoshi Tanaka, who was last here as a London School of Economics student twenty years ago, it helps Japanese corporations in their foreign debt and equity financing and is recognised in Japan as a leader in this field.

Another side to YIE's activities is assisting Japanese companies in their direct investments in Europe, including mergers and acquisitions, and advising institutional clients on overseas portfolio investments in bonds and equities. In 1981 it handled almost 30% of domestic Japanese transactions in foreign stocks and 24% of those in foreign bonds.

In the reverse direction, YIE advises European governments, governmental entities and private corporations as well as international organisations in both public and private yen financing on the yen capital market in Tokyo. In 1981 it helped Yamaichi Securities to gain the top position in terms of lead management on this yen capital market.

IN 1982, YIE TOOK PART IN 240 U.K., EURO-BOND ISSUES

As an indicator of the volume of underwriting business, YIE in

1982 lead-managed or co-managed no fewer than 44 Euro-currency issues. The company participated as a syndicate member in at least 240 UK and Euro-bond issues.

In the early part of the year YIE participated in several zero coupon bonds, the popularity of which has been well established in Japan. Although the markets were lacklustre for much of this past year, the Japanese stock market started to revive in October with lower US interest rates and a stronger yen, and a better year is expected in 1983.

The weakened yen provided an incentive for YIE to diversify further, away from its traditional Japanese equity-linked business, and move into the bond business. This means Japanese Government bonds, yen 'samurai' bonds, Euro-yen bonds and Euro-dollar bonds YIE has, of course, been involved in Euro-bonds by non-Japanese issuers but it understandably feels it should build on its special advantage of knowing Japan. Since its strength derives from Japan, now the second largest economy in the capitalist world, YIE believes that its activities should relate as far as possible to Japan.

There is no shortage, after all

of Western investors anxious to buy Japanese equities and bonds. And Japan continues to be a major source of funds for investment outside



"In London," says Hitoshi Tanaka, "our speciality is the merit or attraction of Japan. We should make full use of that."

GROWING EMPHASIS ON INTERNATIONALISATION

At the same time, internationalisation is the password of the day. International business now accounts for some 10% of Yamaichi's total business, and many of its senior executives would like to raise that ratio to 20% or even 25% in the very near future. YIE is also seeking to strengthen its capability of doing all kinds of European business even where Japan is not directly involved.

Under this programme a higher proportion of local employees—including more professionally trained and graduate Britons—will be used. "Japanese firms," says Tanaka, "lag behind some European and American firms in localising their management. We hope to attract local staff of a calibre to become eventually members of the YIE management group."

I asked him if the difficulty and time consumed in learning the Japanese language would not defeat this plan.

"That is not the real obstacle," he replied. "We have in Tokyo a young Englishman called Church who speaks fluent Japanese. That is a technical challenge which can be overcome."

The real problem is the way of thinking and social behaviour and decision-making. It is vital for us to educate such people into how we reach our decisions. Yamaichi Research Institute has supplied two full-time staff from Tokyo to the YIE office and a new time-sharing system of communications will allow all the European

offices to be better and more quickly informed.

In the old days YIE used to be asked by UK investors, for example, which of two alternative Japanese stocks was more promising. Now the question is likely to be the relative merits of a Japanese and an Australian or American stock.

EFFICIENT COMMUNICATIONS LINK YIE OFFICE NETWORK

Over-the-Counter

Symbol	100s	High	Low	Last	Chg	Net
Amoco 24	100	100	100	100	0	0
Amoco 25	100	100	100	100	0	0
Amoco 26	100	100	100	100	0	0
Amoco 27	100	100	100	100	0	0
Amoco 28	100	100	100	100	0	0
Amoco 29	100	100	100	100	0	0
Amoco 30	100	100	100	100	0	0
Amoco 31	100	100	100	100	0	0
Amoco 32	100	100	100	100	0	0
Amoco 33	100	100	100	100	0	0
Amoco 34	100	100	100	100	0	0
Amoco 35	100	100	100	100	0	0
Amoco 36	100	100	100	100	0	0
Amoco 37	100	100	100	100	0	0
Amoco 38	100	100	100	100	0	0
Amoco 39	100	100	100	100	0	0
Amoco 40	100	100	100	100	0	0
Amoco 41	100	100	100	100	0	0
Amoco 42	100	100	100	100	0	0
Amoco 43	100	100	100	100	0	0
Amoco 44	100	100	100	100	0	0
Amoco 45	100	100	100	100	0	0
Amoco 46	100	100	100	100	0	0
Amoco 47	100	100	100	100	0	0
Amoco 48	100	100	100	100	0	0
Amoco 49	100	100	100	100	0	0
Amoco 50	100	100	100	100	0	0
Amoco 51	100	100	100	100	0	0
Amoco 52	100	100	100	100	0	0
Amoco 53	100	100	100	100	0	0
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Amoco 61	100	100	100	100	0	0
Amoco 62	100	100	100	100	0	0
Amoco 63	100	100	100	100	0	0
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Amoco 65	100	100	100	100	0	0
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Amoco 68	100	100	100	100	0	0
Amoco 69	100	100	100	100	0	0
Amoco 70	100	100	100	100	0	0
Amoco 71	100	100	100	100	0	0
Amoco 72	100	100	100	100	0	0
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Amoco 75	100	100	100	100	0	0
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Amoco 77	100	100	100	100	0	0
Amoco 78	100	100	100	100	0	0
Amoco 79	100	100	100	100	0	0
Amoco 80	100	100	100	100	0	0
Amoco 81	100	100	100	100	0	0
Amoco 82	100	100	100	100	0	0
Amoco 83	100	100	100	100	0	0
Amoco 84	100	100	100	100	0	0
Amoco 85	100	100	100	100	0	0
Amoco 86	100	100	100	100	0	0
Amoco 87	100	100	100	100	0	0
Amoco 88	100	100	100	100	0	0
Amoco 89	100	100	100	100	0	0
Amoco 90	100	100	100	100	0	0
Amoco 91	100	100	100	100	0	0
Amoco 92	100	100	100	100	0	0
Amoco 93	100	100	100	100	0	0
Amoco 94	100	100	100	100	0	0
Amoco 95	100	100	100	100	0	0
Amoco 96	100	100	100	100	0	0
Amoco 97	100	100	100	100	0	0
Amoco 98	100	100	100	100	0	0
Amoco 99	100	100	100	100	0	0
Amoco 100	100	100	100	100	0	0

American Exchange Options

For the Week Ending Jan. 14, 1983

Option & Price	Call	Puts	Option & Price	Call	Puts	Option & Price	Call	Puts	Option & Price	Call	Puts
Amoco 24	100	100	Amoco 25	100	100	Amoco 26	100	100	Amoco 27	100	100
Amoco 28	100	100	Amoco 29	100	100	Amoco 30	100	100	Amoco 31	100	100
Amoco 32	100	100	Amoco 33	100	100	Amoco 34	100	100	Amoco 35	100	100
Amoco 36	100	100	Amoco 37	100	100	Amoco 38	100	100	Amoco 39	100	100
Amoco 40	100	100	Amoco 41	100	100	Amoco 42	100	100	Amoco 43	100	100
Amoco 44	100	100	Amoco 45	100	100	Amoco 46	100	100	Amoco 47	100	100
Amoco 48	100	100	Amoco 49	100	100	Amoco 50	100	100	Amoco 51	100	100
Amoco 52	100	100	Amoco 53	100	100	Amoco 54	100	100	Amoco 55	100	100
Amoco 56	100	100	Amoco 57	100	100	Amoco 58	100	100	Amoco 59	100	100
Amoco 60	100	100	Amoco 61	100	100	Amoco 62	100	100	Amoco 63	100	100
Amoco 64	100	100	Amoco 65	100	100	Amoco 66	100	100	Amoco 67	100	100
Amoco 68	100	100	Amoco 69	100	100	Amoco 70	100	100	Amoco 71	100	100
Amoco 72	100	100	Amoco 73	100	100	Amoco 74	100	100	Amoco 75	100	100
Amoco 76	100	100	Amoco 77	100	100	Amoco 78	100	100	Amoco 79	100	100
Amoco 80	100	100	Amoco 81	100	100	Amoco 82	100	100	Amoco 83	100	100
Amoco 84	100	100	Amoco 85	100	100	Amoco 86	100	100	Amoco 87	100	100
Amoco 88	100	100	Amoco 89	100	100	Amoco 90	100	100	Amoco 91	100	100
Amoco 92	100	100	Amoco 93	100	100	Amoco 94	100	100	Amoco 95	100	100
Amoco 96	100	100	Amoco 97	100	100	Amoco 98	100	100	Amoco 99	100	100
Amoco 100	100	100									

Consolidated Trading

Of NYSE Listings

Week Ending January 14

Symbol	100s	High	Low	Last	Chg	Net
Amoco 24	100	100	100	100	0	0
Amoco 25	100	100	100	100	0	0
Amoco 26	100	100	100	100	0	0
Amoco 27	100	100	100	100	0	0
Amoco 28	100	100	100	100	0	0
Amoco 29	100	100	100	100	0	0
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Amoco 75	100	100	100	100	0	0
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Amoco 97	100	100	100	100	0	0
Amoco 98	100	100	100	100	0	0
Amoco 99	100	100	100	100	0	0
Amoco 100	100	100	100	100	0	0

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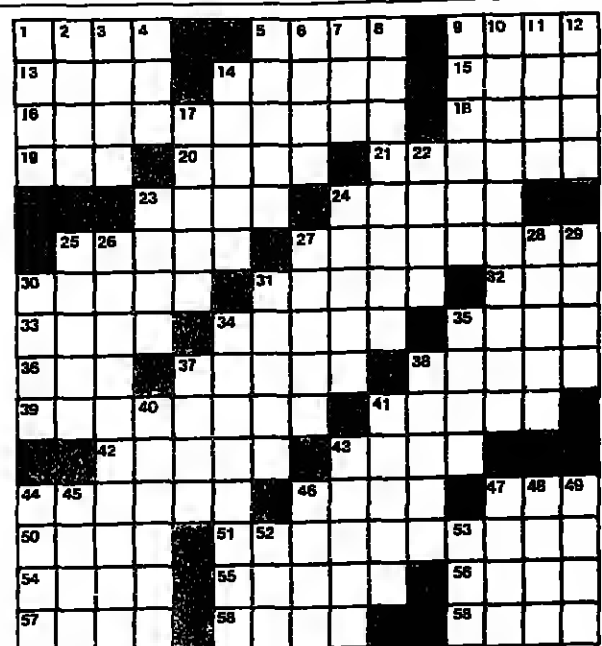
U.S.\$20 million floating rate 1978/83.

The rate of interest applicable for the six months period beginning on January 17, 1982 and set by the reference agent is 9 3/4% annually.

CREDIT NATIONAL

U.S.\$7

CROSSWORD



- ACROSS**
- Coin of California
 - Hebrew letter
 - Amo, amas
 - Native of Mecca
 - Bolivian friend
 - River in Maine
 - Avon
 - Short comic play
 - Wind dir.
 - Band on a shield
 - Chargers
 - Wings
 - Stickers split these
 - Drive forward
 - Adverb; align
 - Word with widow or skirt
 - Slip
 - Superior, for one
 - Pep up
 - Heroic narrative
 - Fruity drink
 - Expand
 - Pelts
 - Indetermined
- DOWN**
- "The Bells of St. ..."
 - Sharpener
 - Peel
 - Ship's radioman
 - qua non
 - Check out
 - Celebrates
 - Commedia dell'
 - Playing marble
 - Contest, Greek style
 - Calendar abbr.
 - bene
 - Dixie dish
 - Metallic cloth
 - Site of the Elburz Mts.
 - Dislocate
 - Follow
 - Fortas or Ribicoff
 - "In My ..."
 - Seasides song
 - Self
 - Abandoned
 - Declare
 - Prepares
 - rain
 - Little ones
 - Perceived by ear
 - Shoe parts
 - Row
 - Church recess
 - Shifter
 - Sultan's decree
 - Burries
 - Relocated
 - Impromptu
 - Time periods
 - Pleasant
 - Houseman
 - Football
 - official
 - Address for a king
 - Nicotine
 - Seraglio
 - Pastries
 - Parsonage
 - Michelin guide
 - masterpiece
 - Office copy, for short
 - Liams land
 - Three-headed card game
 - Former constellation
 - "In My ..."
 - What Mr. America pumps
 - Force unit
 - Gone by
 - "Brat"
 - poet's monogram

WEATHER

	HIGH LOW				HIGH LOW						
	C	F	F		C	F	F				
ALGARVE	15	9	9	Fair	LONDON	11	5	10	Overcast		
ALGIERS	16	11	4	39	Fair	LOS ANGELES	22	13	53	Cloudy	
AMSTERDAM	9	5	1	Overcast	MAOIRIO	9	4	10	Fair		
ANKARA	-5	-12	10	Rain	MANILA	25	20	76	Overcast		
ATHENS	16	11	10	Rain	MEXICO CITY	23	12	6	43	Fair	
AUCKLAND	23	16	10	Fair	MIAMI	17	7	45	45	Fair	
BANGKOK	33	28	10	Fair	MILAN	17	12	17	Fair		
BEIJING	2	-6	37	27	Overcast	MONTREAL	4	-2	15	15	Cloudy
BEIRUT	14	9	7	45	Cloudy	MOSCOW	0	-1	20	Snow	
BERLIN	5	1	24	Cloudy	MUNICH	5	1	1	34	Snow	
BIRMINGHAM	14	9	10	Fair	NAIROBI	26	16	17	10	Cloudy	
BOSTON	-1	-20	28	Snow	NASSAU	22	12	14	14	Cloudy	
BRUSSELS	9	4	8	45	Overcast	NEW DELHI	17	13	6	43	Cloudy
BUCHAREST	6	1	24	Cloudy	NEW YORK	0	-2	37	27	Cloudy	
BUDAPEST	6	1	24	Overcast	NICE	16	11	14	Fair		
BUENOS AIRES	12	7	10	14	Overcast	OSLO	6	1	9	16	Fair
CAIRO	—	—	—	N.A.	PARIS	10	5	6	43	Overcast	
CAP TOWN	21	17	10	Fair	PRAGUE	4	3	1	34	Snow	
CASABLANCA	15	9	5	11	Fair	REYKJAVIK	-5	-2	27	Snow	
CHICAGO	-7	-11	12	14	Fair	RIO DE JANEIRO	21	16	22	Fair	
COPENHAGEN	4	3	14	Fair	ROME	13	8	2	36	Overcast	
COSTA DEL SOL	17	13	12	Fair	SAO PAULO	26	21	70	10	Rain	
DAMASCUS	9	4	9	28	Fair	SEOUL	7	4	24	Overcast	
DUBLIN	9	4	9	10	Rain	SINGAPORE	11	5	23	37	Rain
EDINBURGH	12	8	10	10	Cloudy	SINGAPORE	28	24	75	75	Overcast
FLORENCE	9	4	1	30	Cloudy	STOCKHOLM	-4	-2	10	10	Snow
FRANKFURT	7	4	5	11	39	Showers	SYDNEY	26	21	64	Fair
GENEVA	7	4	3	37	Showers	TAIPEI	24	19	61	11	Cloudy
HARARE	5	1	24	Cloudy	TEHRAN	16	11	14	14	Cloudy	
HELSINKI	-2	-7	19	19	Overcast	TEL AVIV	8	4	12	54	Cloudy
HONG KONG	19	14	14	17	Overcast	TOKYO	8	4	4	39	Fair
HOUSTON	13	8	5	78	Overcast	YOKOHAMA	8	4	54	Overcast	
ISTANBUL	15	10	10	10	Cloudy	VENICE	0	32	3	33	Foggy
JERUSALEM	10	5	6	43	Showers	VIENNA	6	3	43	37	Fair
LAS PALMAS	19	16	16	41	Overcast	WARSAW	7	2	36	32	Snow
LIMA	20	15	10	10	Fair	WASHINGTON	26	21	75	75	Overcast
LISBON	11	6	4	14	Fair	ZURICH	6	3	37	37	Showers

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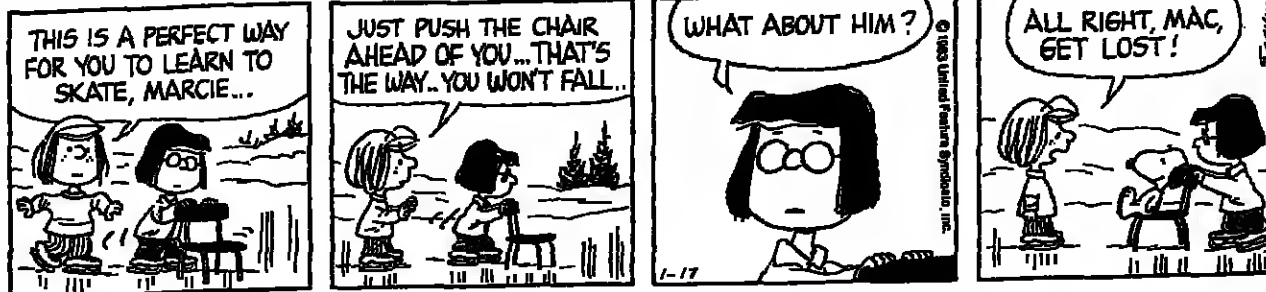
COUNTRY	1 year	6 months	3 months
Austria	3,050	1,525	840
Belgium	3,050	1,525	840
Denmark	1,400	700	350
Finland	900	450	270
France	800	400	220
Germany	1,400	700	350
Greece	3,050	1,525	840
Ireland	1,400	700	350
Italy	1,400	700	350
Japan	1,400	700	350
Latvia	3,050	1,525	840
Lithuania	3,050	1,525	840
Norway	1,400	700	350
Portugal	3,050	1,525	840
Spain	3,050	1,525	840
Sweden	3,050	1,525	840
Switzerland	3,050	1,525	840
U.S. & Canada	236	128	71
Rest of Europe	254	132	72
Rest of Africa, Canada, Latin America, Gulf States and Asia	352	176	98

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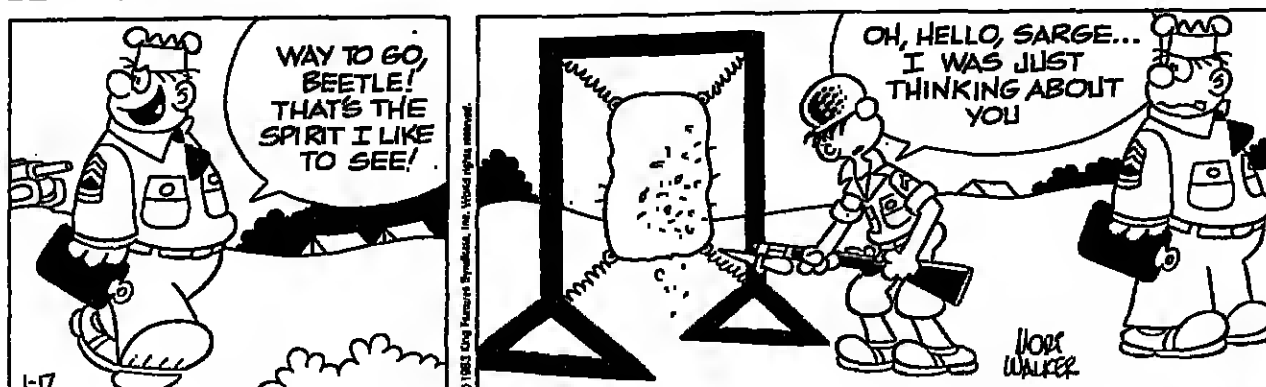
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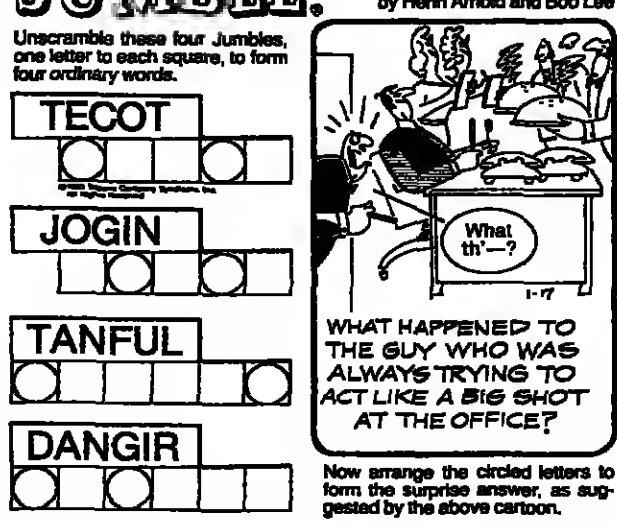
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REX MORGAN



JUMBLE



Print answer here: HE _____
(Answers tomorrow)

Saturday's Jumbles: SMOKY OXIDE HAGGLE STUCCO
Answer: What to keep in order to avoid biting insects—YOUR MOUTH CLOSED

Imprimé par Offprint, 73 rue de l'Esplanade, 75018 Paris

هكنا من الأجل

BOOKS

THE LETTERS OF GUSTAVE FLAUBERT, 1857-1880

Selected, edited and translated by Francis Steegmüller. Illustrated. 309 pp. \$15.
Belknap Press/Harvard University Press.
79 Garden St., Cambridge, Mass. 02138.

Reviewed by Anatole Broyard

THE second volume of "The Letters of Gustave Flaubert"—which reaches from 1857 when "Madame Bovary" was published to his death in 1880—is just as good as the first. While it does not have the advantage of his famous reflections on what has been called "the first modern novel," it's a fuller and more tragic picture of Flaubert, the man.

Certainly, his correspondence with the novelist George Sand is more consistently interesting than his letters to his mistress Louise Colet in the first volume. When he wasn't talking to Madame Colet about his work, his letters to her often seemed absent-minded and conventional. But he took George Sand seriously, he trusted her, and this made his letters to her more intimate, in the best sense, and more revealing. In her letters to him, which are included, she comes through as intelligent and affectionate, almost always giving him good advice and showing extraordinary tact in dealing with his books.

Flaubert's career as an author was something of a mystery. Though he remarked that he didn't choose his subjects, that they were "imposed," it's difficult to understand why he didn't continue to do what he did so well in "Madame Bovary." Perhaps the explanation lies in the fact that Flaubert himself was the beginning of a movement in French novels away from the peculiar exoticism that haunted them until his time. It's as if his career went backwards; after writing the first modern novel, he regressed to "Salammbô," and later to "The Temptation of St. Anthony." Meanwhile, the French novel was moving in the direction of Balzac, Zola and Maupassant.

Flaubert said that "Bovary" inspired in me a long disgust for bourgeois ways, and "Salammbô" and "St. Anthony" may have been his attempt to escape the bour-

geois, whom he passionately hated, though he himself lived what we would call a bourgeois life and shared bourgeois tastes.

Steegmüller, who selected, edited and translated these letters, is again a deft, witty and indefatigable commentator, stitching Flaubert's correspondence together with all the background information needed in order to appreciate it. Among his many fine notes, Steegmüller tells us that Flaubert liked the style of Flaubert's letters even more than that of his novels. He kept his letters to her beside his bed like a bible; the Henry James hardly knew what a say about them, stammering on that Flaubert was "impossible as a companion," yet "deeply refreshing as a reference."

Flaubert was certainly unkind in his reviews. Except for "Madame Bovary," and the innocuous "Three Tales," he got a very poor reception, which he later explained by saying "I annoy," pointing out that critics took his usual isolation in the country as a sign of disdain. When he maintained that he was "untouched," by criticism, adding "never have I been less upset," seemed clear that he protested in much.

"The Letters of Gustave Flaubert" are full of good lines. "The section is revenge." "Living strike me as a trade I wasn't cut out for." "The sense of the grotesque in life kept me from slipping into a dour dour life." "Success is a result; a friend's desire to be elected to the French Academy, Flaubert said, 'When you are somebody, you wish to be something.' After me of his close friends had died, he served that 'my heart is becoming a necropolis.'"

More than most writers, Flaubert was a martyr to his work, usually living with no company but goldfish and endlessly researching books that gave little latitude to talent. Perhaps, if we except "Madame Bovary," these letters were someone said, "his best novel." It is remembered for being the first to see that the novelist has no right to press opinions, Flaubert saved his opinions for his letters. He promised to turn critic in his old age in order to let out a lifetime's suppressed indignation, although he didn't live to carry it out. His letters did it for him. Nobody else has ever been so eloquently exasperated.

Anatole Broyard is on the staff of The New York Times.

Solution to Friday's Puzzle

RACE	AMASS	SOMA
OCHS	DORIC	GLAN
THAT	MATTER	HORN
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TEEN	SEAL	
LEMPIRA	STASIS	
TORS	SORR	ARCOT
RIB	THALERS	ATE
ERDSE	WETE	ATAP
TEXANS	SAVANTS	
PLAIT	ERNE	
PLATTERS	ERNE	
LOVE	GRATE	TURK
OWED	PAID	DIGLE

BRIDGE

By Alan Truscott

A NEAT overtrick was executed on the diagrammed deal. North's jump to two no-trump over the take-out double showed an invitational hand with spade support, the usual expert arrangement in this situation. South's three-heart bid was a game invitation, and North accepted by showing the club ace just in case his partner had a slam in mind.

Making four spades presented no problem, but South wanted to increase his match points by collecting an overtrick. Since West led the spade jack, it was wildly unlikely that he held the ace-king of diamonds, which would have been a normal lead. So to justify his double, West must have the heart king and the club queen.

Thus, after drawing trumps, South made the subtle play of leading the heart ace followed by the ten. This abandonment of a finesse that was doomed to lose deceived West, who now had to worry about the queen. If South held a doubleton, it would be unsafe to take the

king, for it would expose the queen to a ruff-out later.

So as South hoped, West ducked. Now the declarer cashed the club king, finessed the jack with confidence and discarded his heart queen on the club. Eventually a diamond was ruff in the dummy, and the overtrick was in the bag.

NORTH	♠ AQ102	♥ 752	♦ 84	♣ AJS
WEST	♠ J	♥ K987	♦ A107	♣ Q986
SOUTH	♠ K853	♥ AQ10	♦ Q83	♣ 2

Thus, after drawing trumps, South made the subtle play of leading the heart ace followed by the ten. This abandonment of a finesse that was doomed to lose deceived West, who now had to worry about the queen. If South held a doubleton, it would be unsafe to take the

RADIO NEWSCASTS

BBC WORLD SERVICE

Hours of GMT	0000	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300	2400	
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Dolphins, Jets, Redskins Victors in NFL Playoffs



French fullback Serge Blanco, gathering in the ball with Huw Davies in close pursuit

France Beats England, 19-15

AP

**John Riggins, exiting
'Hey.'**

Transition

BASEBALL
American League

106 (Bird & Archi-

Hubbichler Triumphs in World Cup Slalom

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Illinois 60, Ohio 51, 55
Indiana 51, 60, Indiana 51, 82
Indiana 81, Purdue 78
Iowa 73, Iowa 51, 56
Loyola, Ill. 83, Oral Roberts 67
Marshall 51, 60, Cincinnati 63
Michigan 62, Wisconsin 57
Minnesota 60, Michigan 51, 67
Missouri 78, Dayton 64
Nebraska 96, SW Missouri 46
Notre Dame 59, Marquette 57
Vincennes 51, 60, Drake 59

SOUTHWEST

SATURDAY'S RESULTS

EAST

Boston Col. 46, St. John's 44
Columbia 40, Harvard 44
Cornell 44, Dartmouth 37
George Washington 58, Temple 54
Georgetown 74, Connecticut 53
Holy Cross 82, Colgate 67
La Salle 41, Quincey 41
Navv 77, Yale 76
Niagara 64, Conesus 41
Pittsburgh 81, West Virginia 67

SOUTHWEST

Illinois 43, Ohio St. 35
Indiana 56, Indiana St. 42
Indiana St., Purdue 76
Iowa 73, Iowa St. 56
Loyola, Ill. 81, Oral Roberts 47
Marshall St. 80, Cincinnati 41
Michigan 62, Wisconsin 41
Minnesota 69, Michigan St. 67
Missouri 78, Dayton 64
Nebraska 78, South Missouri 46
Notre Dame 99, Marquette 57
Oklahoma St. 46, Drake 37

103 (Bird 24, Archibald 17).
 93 (Blackman 31, Henderson 29).
 92 (Harris 24, Fervin 24, Vler 10).
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NEW YORK (UPI) — Tony Goble, the man convicted in a narcotics case in which the tennis star Vitas Gerulaitis was named, has been sentenced to a year in jail.

Goble was convicted last September of conspiring to purchase cocaine for \$144,000. The trial was highlighted by the testimony of a prosecution witness who named Gerulaitis as a possible participant in the scheme.

Undercover narcotics agents testified that they began following Gerulaitis last January. Defense witnesses said the agents tried unsuccessfully to set up Gerulaitis for a narcotics deal, and that the tennis star was not charged.

FRIDAY'S RESULTS
EAST
 Columbus 40, Dartmouth 46
 Cornell 61, Harvard 59 107
FAIR WEEST
 Brigham Young 76, San Diego 51 72
 Utah 83, Hawaii 48
SATURDAY'S RESULTS
EAST
 Boston Col. 68, St. Johns 64
 Columbia 60, Harvard 49
 Cornell 61, Dartmouth 51
 George Washington 32, Temple 54
 Georgetown 74, Connecticut 51
 Iowa 67, Cal State 67
 La Salle 47, Oklahoma 41
 Navy 77, Yale 76
 Rutgers 63, West Virginia 67
 Pittsburgh 61, Conn 51
 Rutgers 79, Massachusetts 67
 St. Joseph's 136, Penn 77
 St. Louis 76, Seton Hall 61
 Villanova 70, Princeton 61
SOUTH
 Auburn 75, Kentucky 67
 Duke 85, Maryland 67
 Georgia 67, Kentucky 64
 James Madison 61, Ohio Dominican 50
 Louisiana 51, M. Mississippi 61
 Marshall 71 70
 Mississippi 75, Tennessee 74 107
 North Carolina 101, Virginia 55

5. Mississippi 62, Tulane 61
6. Tennessee Tech 82, Middle Tenn. 67
7. Vanderbilt 40, Florida 50
8. Virginia Tech 78, Clemson 70, 69
Wake Forest 87, Florida 58
MIDWEST
 Illinois 63, Ohio 51 55
 Indiana 51, 76, Indiana 51, 82
 Indiana 81, Purdue 78
 Iowa 72, Iowa 51 31
 Loyola, Ill. 83, Oral Roberts 67
 Marquette 51, 88, Cincinnati 61
 Michigan 63, Wisconsin 67
 Minnesota 69, Michigan 51, 67
 Missouri 77, DePaul 64
 Nebraska 18, SW Missouri 41
 Notre Dame 39, Marquette 57
 Wichita St. 61, Drake 59
SOUTHWEST
 Arkansas 63, SMU 56
 Houston 77, Texas 52
 Texas A&M 68, Baylor 66
 TCU 51, Rice 66
FAIR WEEST
 Arizona 51, 72, Washington 67
 Brigham Young 61, Nevada 51
 New Mexico 55, Fresno St. 48
 New Mex. 72, Idaho 51 107
 Pepperdine 70, U.S. International 70
 Southern Cal 61, Oregon 54
 UCLA 97, Oregon 51 72

LANGUAGE

A Horde of Dangers

By William Safire

WASHINGTON — In a piece about the way the French were slowly squeezing Japanese imports through a small town near Tours, thereby protecting French markets from the influx of videotape recorders, I drew a parallel to the battle of Poitiers in 1332, where Charles the Hammer protected Europe by "driving back the Moslem hordes."

In the Columbia Encyclopedia that moment of defeat for the Saracens is described as "turned the Moslem tide." I wish I had used "tide" because *horde* is surely pejorative and should not be used to describe a religion even when its members are assembled in large crowds.

"Perhaps you were merely making use of an archaic phrase to conjure up a feeling for the period of the eighth century," writes James Zogby of the American-Arab Anti-Discrimination Committee, giving me the benefit of the doubt, then adding the zinger: "Would you be inclined to use the phrase 'Jewish hordes' in reference to the invaders of Lebanon? Or the 'Christian hordes' which stormed the beaches of Normandy?"

His right: *Horde* is a word with a history of treating opposing sides with contempt. It is used in the Turkish *ordu*, meaning "camp," and picked up in *horda* in Polish before entering English.

I will now drop *hordes* from my military vocabulary, using the word in its current "great assembly" sense, as in "hordes of shoppers returning Christmas presents" and "hordes of irate pupils demanding an end to the teaching of grammar."

BE A linguistic hawkshaw; follow a strange phrase to its roots. "For years I have used an expression," writes Nancy Montgomery of Washington, "to describe a strange combination of people, objects or events, calling it a *duke's mixture*. It never occurred to me that this was a phrase not in every one's vocabulary until my new assistant asked me what it meant."

Where to begin? One hypothesis would be that a *duke's mixture* is a blend of tea, similar to the *foochow mixture* which first introduced the mixture combining form in 1895.

Blind alley. Look at all the dic-

tionaries, push all the buttons, and nothing comes up.

Second hypothesis: *Duke* is a slang term for bands, as in the boxer's challenge to "put up your dukes." Could not the *duke's mixture* be a tossing together from the dukes, or hands? No. Try again.

Hypothesis No. 3: James Buchanan Duke, after whom Duke University is named (Trinity College was willing to change its name for \$40 million). The father of Duke Duke, he made his fortune in tobacco. He and his American Tobacco Co. acquired such firms as P. Lorillard and R.J. Reynolds to set up the "tobacco trust" until Theodore Roosevelt busted it into four companies in 1911. Did James Duke have a tobacco mixture that died long ago but whose ghost lingers in the language?

Jackpot. The Duke is James Duke. When the terms of research were working for the Dictionary of American Regional English asked, "What do you call a dog of mixed breed?" two people in Oklahoma, one in California, one in Iowa and one in Wisconsin replied: "A duke's mixture." (Others said *mutt*, *mongrel*, *pot-licker*, *pot-hound*, *mutt-hound*, *snop hound*, *bone eater*, *biscuit eater*, *cut and suck-egg dog*.)

"Duke's mixture" was once very popular as a tobacco mixture for use in "rolling one's own" cigarettes," reports Fred Cassidy, director-editor of DARE. "It came in a small white cloth bag with a drawing and was advertised with cowboys on horseback rolling cigarettes with one hand. This was part of a campaign to make cigarettes seem a masculine type of smoke."

"Used most generally, a *duke's mixture* can mean any sort of miscellany," concludes Professor Cassidy, "with somewhat unfavorable implications. I doubt that *Duke's mixture* is still made nowadays. The Marlboro he-man smokes a manufactured cigarette."

Thus, fellow hawkshaws, doblind alleys and cockamamie hypotheses lead to the sources of our expressions. (OK, to avoid boredom of lazy curiosity-seekers: *Hawkshaw* was the name of the detective in an 1863 play by the English dramatist Tom Taylor, and was popularized in the United States by cartoonist Gus Mager in the comic strip "Hawkshaw the Detective.")

New York Times Service

On the Trail of a Nigerian Pop Star

By Jason Berry

International Herald Tribune

PARIS — People who write biographies, to paraphrase F. Scott Fitzgerald, "are not like you and me." They devote long stretches of their lives to reconstructing the lives of others, they search through files of yellowed newspaper and old letters, prod memories of those close to the subject. If the person about whom the book is written still breathes (and isn't hostile to the project) long sessions with the tape recorder mean longer days turning transcripts into prose.

In the case of Carlos Moore, the subject of his book, "Fela: This Bitch of Life," is a most uncommon man. Moore, a black Cuban who defected from a job in the Castro government in 1960, is a Paris-based journalist who has written extensively about Africa. He was working in Nigeria in the late 1970s when he met Fela Anikulapo-Kuti, the country's best-known pop star.

Fela is an outspoken critic whose albums since 1977 form a running revolutionary protest about political events in Nigeria. He is also a practicing polygamist. The chapter euphemistically titled "My Second Marriage" recounts his 1978 wedding to 27 women in a single marriage service.

When Moore first approached Fela about the book, the musician balked. "He didn't want certain things said," Moore recalled. "But then he called Moore."

Fela's mother, Fumilayo Anikulapo-Kuti, was a pioneering leftist who played an instrumental role in securing political rights for Nigerian women. In 1977, when soldiers of the military regime then ruling Nigeria raided Fela's home, she was thrown out of a window and died soon thereafter from the injuries. By the time Moore had completed much research in 1981, he was disillusioned by Fela's resistance. Then, Fela says, Fumilayo began communicating with him in a series of spirit visitations through one of his wives. Fela opened up to Moore and the rush of reflections turned into a torrent.

"It is a purely spiritual book," Moore says, "and charged with meaning about his future. He had said to depend on my discretion."



Fela sometimes appears with "spiritual powder."

Moore interviewed the musician's childhood friends, political figures, even people with the Nigerian secret police. The emphasis is on Fela, however, and as such the book will disappoint serious followers of African pop music, still waiting for the first book on the many idioms that have flourished since the early 1960s.

In the introduction Moore writes: "Where does one pinpoint the critical moment of raw truth about someone so immensely charismatic that at times he finds himself hemmed in between the flattering image of his countless fans and the scornful depiction of his detractors?"

The author devised a three-dimensional narrative through Fela (as he sees and explains himself), about Fela (as he is seen by those closest to him) and on Fela (as seen by the author).

Fela's personality — by turns humorous, sentimental, political-

ly impassioned, abrasively macho — resonates through each page. A series of interviews with 15 wives runs the gamut from sadness (his original wife) to bizarre comedy (a later bride discussing the complicated sexual scheduling).

Several of the girls gravitated to Fela as teen-agers from troubled backgrounds. Their reflections will probably outrage feminists. "At first," one says, "I just took him as a father or as an older person who would take care of me. Then later, he sent for me and he said I should love him. It was after making love that I started to love him."

In the mid-70s, as Nigeria emerged from the Biafran secessionist civil war, Fela grew increasingly critical of the military government. He had also become a cult figure and folk hero, particularly among the masses of poor people moving into Lagos. His

home was a compound in one of the city's ghettos. In 1977 troops attacked the compound, dubbed Fela's ghetto, beat his "queens," and raped several. The attack, as recounted by Fela but more so by his wives, has a searing impact in the book. One year later, Fela married his "queens."

The rigid masculine code by which Fela lives emerges from the narrative less as an expression of his ego than in response to his familial and cultural background. His mother, whose influence was strong, got along poorly with his father, a stern Christian educator who whipped him often. Fela's deeper story, a riveting cultural theme, is rooted in the heritage of Yorubaland.

Although not overtly stated, his polygamous unions are a protest of the encroachment of Western values and a defiant retreat from his father's religion to Yoruban traditions. Polygamy is an ancient tribal custom. Fela's religious beliefs are absorbing qualities which add depth to the man and his music.

Yoruban polytheistic beliefs embrace spiritual visitations by departed kinsmen. Moore himself is of Yoruban descent, and his historical sketch of Yorubaland gives the book a sturdy framework. Shawna Moore, Carlos's wife, wrote early and concluding chapters from the point of view of Fela's mother, a spirit looking back on life.

Moore wrote the main narrative in Fela's voice. This extended-family approach to literary architecture has few precedents, but Moore has credentials: a doctorate in ethnology, fluency in four languages, and a history of Cuban involvement in Africa due out later this year. "Fela Fela" was first published in French, but Moore bought back the rights after over distribution to Africa. Allison & Busby of London has published the English edition, now available in Nigeria.

Moore is dead serious about the spiritual, though, running through "Fela Fela." "I believe Africa is the last bastion of spirituality. The essence of man is spiritual, not material, or advanced weapons. If Africa is not preserved — the cradle of mankind — I don't see what else is left."

TAIWAN POSTCARD

The Pirates of Taipei

By Michael Weisskopf

Washington Post Service

TAIPEI — Past the steamy noodle stalls and pungent herbal medicines at China Street bazaar, a sleek "Apple II" home computer can be had for one-fifth of its price in the United States.

Keep walking down the musty market lanes and you can find unbelievably low prices for designer jeans, French cologne, epicurean brandy, Book-of-the-Month Club favorites, bikinis and motor oil — all courtesy of the pirates of Taiwan.

The cut-rate goods are fakes knocked off by commercial big game hunters who plunder the world's elite trademarks, patented know-how and copyrights.

If imitation is the sincerest form of flattery, then Taiwan surely scales the peaks of blameworthy counterfeiting is so widespread and slick it takes an expert to detect a fraud. Thus consumers gladly lay out at least two-thirds less for names such as Puma, Reebok, Cartier, Head, Johnny Walker, Black Label, Kodak, Samsonite, STP, Johnson and Johnson, Westinghouse and Heiman Wood.

There isn't a legal pair of Levi's in town, snapped a U.S. businessman, Henry Weiner. "The fakes are so close, and the prices so far apart, you'd have to be nuts to buy the real thing."

Weiner ought to know. As local distributor for Revlon products, he has only to make a casual visit to a neighborhood cosmetic counter to ruin his day.

But the real lost treasure lies far beyond the shores of little Taiwan. What makes big foreign firms such as Revlon see red — Weiner calls it "the annual \$100 million rip-off" — is piratical exports of the famous frauds made here.

Take the dilemma of Union Carbide's Eveready battery, which is copied and sent abroad by the millions by no less than seven Taiwan imitators.

"No one in Africa and the Middle East understands counterfeiting," lamented Union Carbide lawyer Paul Hsu. "If a fake Eveready goes bad in an hour, the buyer never buys another one. So my client loses a market share. But if the fake happens to work, we still lose."

Though quality is no hallmark, some counterfeiters — clothing,

cosmetics made of simple mixtures, books and chemical products described in published patents — are almost indistinguishable from the original.

David Lo, a private investigator who chases down pirates for corporate victims, held up two bottles of VO 5 shampoo with a challenge: "Which one is real?"

"The bottle is the same," he replied to his own question. "The smell is the same. They make the same suds. Only your hairdresser can tell."

Even such expensive items as the cloned Apple II computers are less reliable and durable than the true model, according to Apple's salesmen here. The fakes can only be used for a couple of hours at a time without risking a meltdown, he said.

When electronic copycats began taking a sizable bite out of Apple's Asian market, the U.S. firm struck back with a court order seizing several imitations.

But legal experts know the difficulty of rooting out pirates from Taiwan's safe harbor. Laws are weak, if they exist at all. Judges tend to side with "the little guy" against faceless multinational corporations.

Even counterfeiter caught red-handed receive such light sentences that they can convert them into small fines.

New Taiwan's government, which has encouraged economic development with unfettered capitalism, finally seems ready to pull to its sails a little. A number of laws are being considered to deter piracy and better protect foreign manufacturers. One proposal would set a maximum five-year jail term and \$40,000 fine for convicted counterfeiters.

"This [piracy] is not only illegal, but immoral," said Vincent Stew, director general of the Board of Foreign Trade Development. "This will hurt our image and reputation. When we develop into a developed stage, and other countries come to copy our products, what will be our feeling?"

Until new laws go into effect, however, the big-name companies seem unhappily resigned to the feeling summed up by one of their representatives: "If you don't get copied in Taiwan," he said, "then it means you're no good."

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